

INTERNATIONAL NEWS

Soviet breakaways hope to divide party property

By Quentin Peel in Moscow

THE leaders of the Democratic Platform of radical reformers inside the Soviet Communist Party yesterday announced a plan to divide the party and its property, instead of resigning en masse.

Claiming widespread grassroots support in the party, and the effective backing of the three influential public figures who have now resigned — Mr Boris Yeltsin, the Russian President, Mr Gavril Popov, mayor of Moscow, and Mr Anatoly Sobchak, mayor of Leningrad — the dissidents still face a huge struggle with the powerful party bureaucracy.

Above all, party members face losing not only privileges but also their jobs if they walk out, especially in the provinces. Many may be tempted to quit by default — allowing their membership to lapse — rather than protest too obviously by joining the new movement.

Leaders of the movement, who themselves are now facing expulsion, are none the less determined to bring together the widest possible democratic

party, espousing principles closely resembling social democracy, to challenge the ruling party's control.

They urged supporters yesterday to keep their Communist Party cards until a new democratic party is formed in the autumn, in the hope that they will then have a legal claim to a share of the party's huge portfolio of property and publishing houses.

Their problem is that more than half their members attending the Communist Party congress appear to have stayed behind, to continue demands for radical change from within the party. Furthermore, the party congress has been adamant that it will not give up any part of its huge property portfolio, including some of the grandest buildings in every big town, and local newspapers in every region.

Mr Vyacheslav Shostakovskiy, a leading member of the Democratic Platform's co-ordinating committee and rector of the Moscow Higher Party School (a job he does not expect to keep long), yesterday

announced the beginning of a registration campaign for future members, and an appeal for funds.

He refused to classify the future party as for either "democratic socialism" or "social democracy", although he declared firmly: "It will not be a Communist Party. It will be a party of social progress and democracy... a democratic parliamentary party."

If the dissidents are successful, they could form the basis of the most serious rival to the ruling party yet formed. However their problem will be to unite even their sympathisers.

Those left behind in the Communist Party yesterday formed a group called "Democratic Unity", accepting that the party congress had made some progress towards reform, but not enough. "To rebuild this house, some have to push from outside, and others from inside," said Dr Igor Gundarov, a Moscow doctor and delegate.

"The effect will be all the stronger. Our ideas are on the same floor, but our tactics are different."

Kohl and Wörner take their case to the Kremlin

By David Marsh in Bonn and Quentin Peel in Moscow

MR HELMUT KOHL, the West German Chancellor, and Mr Manfred Wörner, the Nato Secretary-General, will both make determined efforts to overcome Moscow's opposition to a unified Germany's membership of Nato in talks with Mr Mikhail Gorbachev, the Soviet President, this weekend.

Mr Wörner, the first Nato secretary-general to visit the Soviet Union, will bear a message of peace and co-operation from the western alliance, which was adopted by its leaders at their summit in London at the beginning of July.

Although he has no negotiating man-

data, Mr Wörner will convey to the Soviet leader Nato's readiness to sign a peace declaration with the Warsaw Pact and its decision to put less emphasis in its military strategy on nuclear weapons.

Mr Kohl's aim in Moscow will be both to seek the Soviet Union's approval for German unification and its continued membership of Nato, and to discuss financial aid for the ailing Soviet economy.

However, Mr Kohl, who will be accompanied by his foreign and finance ministers, Mr Hans-Dietrich Genscher and Mr Theo Waigel, is unlikely to offer

any financial measures in addition to the recently agreed government guarantee for a DM5bn (£1.95bn) German bank credit for Moscow.

The biggest gift that the Chancellor is bringing to Moscow is the promise to set a ceiling on a unified Germany's armed forces as part of any agreement on conventional force reductions in Europe, in line with the undertaking given by him at the Nato summit in London.

Yesterday's decision by leaders of the three-party Bonn coalition to cut conscription from 15 to 12 months will lead eventually to the West German armed

forces dropping to about 400,000 men from their present level of 455,000, Mr Gerhard Stoltenberg, the Defence Minister, said yesterday.

Further cuts are likely to be made in the framework of the conventional forces in Europe (CFE) talks in Vienna, and the eventual size of the future army of a unified Germany could be between 300,000 and 400,000 men, according to current thinking in Germany.

Mr Kohl will meet Mr Gorbachev in the Kremlin tomorrow, before flying to the Canadian city of St. Petersburg to visit Mr Gorbachev's home region.

Senators step up pressure for cuts in US defence spending

By Lionel Barber in Washington

THE Senate Armed Services Committee yesterday criticised the Bush Administration's defence budget by \$15bn (£10bn), stepping up pressure for US troop cuts in Europe and reducing spending on several big weapons programmes.

Committee members led by Senator Sam Nunn, the influential Democrat, hope the 1991 defence bill will set a position at the Congressional floor for defence spending for fiscal 1991, which begins on October 1.

But rival bills in both the Senate budget committee and the House of Representatives are likely to push for still deeper cuts of up to \$50m. The final figure will depend on the outcome of the budget talks between congressional leaders and the Administration.

The Senate Armed Services bill calls for a reduction of 50,000 troops in Europe. It applies to the current level of 312,000 troops, and would therefore cut US ground forces to 262,000 by September 1991.

A Senate official said the recommended reduction would not affect the US negotiating position at the Conventional Forces in Europe (CFE) talks in Vienna. These talks, expected to be concluded this year, envisage US forces in western Europe falling to 225,000.

If a CFE agreement is reached, the president can apply for a waiver to the 50,000 troop clause on national security grounds. However, the bill's language also says that the US "must begin planning

for significantly lower force than 225,000" in the next round of CFE talks.

Elsewhere, the bill earmarks funds for both the MX and Midgester nuclear missiles, but limits the money to research and development only. The Strategic Defence Initiative (SDI) faces cuts of nearly \$1bn to \$3.7bn, while funds for the C-17 transport aircraft and the Navy's A-12 attack aircraft are significantly reduced.

The committee gave tentative approval to the Pentagon's request for two B-2 Stealth radar evading bombers for fiscal 1991, but the House of Representatives may impose even heavier restrictions on the troubled programme.

Thousands protest in Bucharest

MORE THAN 20,000 demonstrators gathered outside government buildings in Bucharest yesterday in the biggest opposition protest since December's revolution, Renter reports.

Romanian radio said President Ion Iliescu would make a televised address to the nation later in the day. Mr Iliescu, president since Nicolae Ceausescu was overthrown in December, won a landslide victory in elections in May.

Students addressing the crowd outside government

headquarters in Victory Square demanded the release of Mr Marian Munteanu, a jailed student leader, and called on the National Salvation Front Government to observe fundamental human rights in Romania.

"Human rights in Romania should be on the same level as the civilised world," said Mr Mihai Gheorghiu, vice-president of Bucharest University's Student League.

Marchers carrying flowers and pictures of Mr Munteanu took more than an hour to file

through the square, where they were cheered and applauded by hundreds of onlookers.

They shouted "Down with communism" and raised banners proclaiming the innocence of other students arrested after political violence last month. One slogan read "Blood for students." "Thanks for the miners," miners wrought havoc in the capital last month, beating people in the streets with iron bars and pickaxes, and ransacking opposition party offices. Six people died in the protests.

Polish legislation opens way for privatisation

By Christopher Bobinski in Warsaw

POLAND'S parliament yesterday opened the way to the transfer of state-owned industries to the private sector when it passed long-awaited privatisation legislation with only two deputies voting against.

At the same time the chamber looked set to pass an insurance law which sets the framework for operations by foreign insurance companies as well as joint insurance ventures in Poland.

Both laws are expected to be approved soon by the Senate,

and the Government plans to start with the sale of up to eight companies by the end of September. Some 7,600 enterprises are in state hands, comprising 80 per cent of the economy.

The first privatisations are to be prepared by western consultants from EC countries and the US, through western aid funds.

The new Ministry of Property Transformation hopes to have sold 40 companies within the next 12 months.

32 die in Argentine scandal

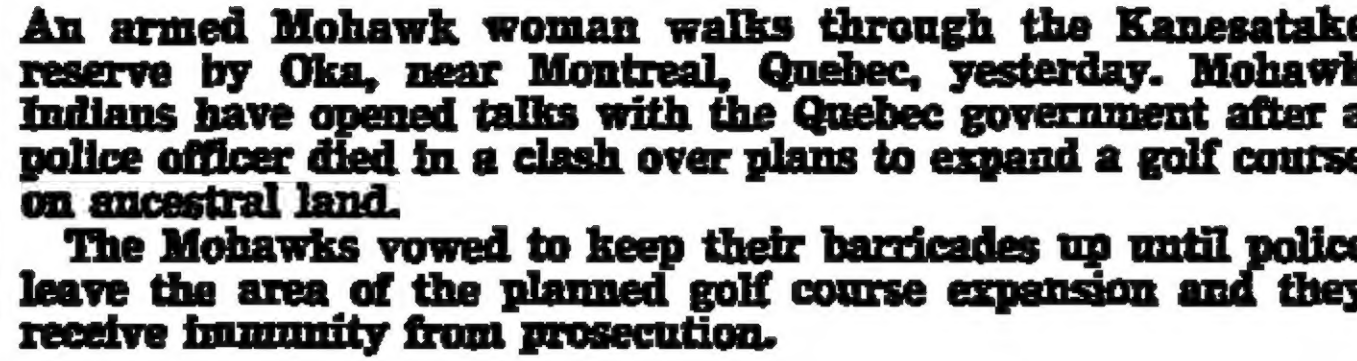
By Gary Mead in Buenos Aires

MR Eduardo Duhalde, Argentina's Minister of Health and Social Welfare, has sacked three junior ministers, following a scandal in which 32 patients at a state-run mental institution died, allegedly from malnutrition.

Departmental heads in the ministry have threatened to walk out over the sacking of Ms Matilde Menéndez, under-secretary of health, who refused to resign.

The row has broken an uneasy silence over the inefficiency of Argentina's public health system, which has virtually collapsed in the last year as a result of hyperinflation and mismanagement.

At the start of the year Mr Duhalde was involved in two big and so far unexplained scandals, concerning the chaotic distribution of charity relief coupons and the decision to distribute free 1.3m white overcoats to schoolchildren, at an estimated cost of \$5m. Following her sacking, Ms Menéndez said Mr Duhalde was responsible for the state of public health, pointing out that for the last five months she had not had control over budgets in her area. Ms Menéndez, who appears to have gained wide respect in the country for her past work, drew attention to 160 pending requests for purchase of essential items.



An armed Mohawk woman walks through the Kanawake reserve by Oka, near Montreal, Quebec, yesterday. Mohawk Indians have opened talks with the Quebec government after a police officer died in a clash over plans to expand a golf course on ancestral land.

The Mohawks vowed to keep their barricades up until police leave the area of the planned golf course expansion and they receive immunity from prosecution.

Battle grows bitter over savings and loan scandal

By Peter Riddell

THE political battle over the savings and loan collapse and rescue, the largest in US history, is becoming bitter as fresh allegations are made about the involvement of Mr Neil Bush, the president's son.

Democrats on the House Judiciary Committee are seeking the appointment of a special prosecutor to investigate the \$1bn (\$550m) failure of Silverado Banking, Savings and Loan Association, of which Mr Neil Bush was a director.

He has been accused of violating conflict-of-interest rules by failing to make adequate disclosures of his links to a developer and by not obtaining approval in writing on more than \$100m of loans to this

close business associate. Documents released by federal regulators indicate there were losses of at least \$45m on these loans, ultimately paid for by US taxpayers.

There are signs of public anger over the savings and loan scandal. A USA Today poll shows that 69 per cent of voters now regard the crisis as "very serious", up from 50 per cent last January. However, according to a Wall Street Journal/NBC News poll, voters blame both Democrats and Republicans in roughly similar proportions, and roughly equal percentages of the electorate approve and disapprove of President George Bush's handling of the problem.

US prepares double-hull law

THE US congress is poised to pass legislation requiring virtually all oil tankers operating in US waters to have double hulls by the year 2010, Karen Zagor writes from New York.

The regulation, part of wide-ranging legislation covering oil spill prevention, clean-up and liability, follows several big oil spills in US waters, particularly the Exxon Valdez disaster off Alaska.

The proposed legislation sets a deadline of January 1995, by when single-hull tankers larger than 30,000 gross tonnes and more than 28 years old will have to be altered or retired. Similarly, single-hull tankers more than 40 years old will be prohibited on that date.

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Non-durables push up retail sales

By Anthony Harris in Washington

US RETAIL sales rose by 0.5 per cent in June, the Commerce Department announced. This was the first increase since January, and sales have been falling in real terms since September 1988; the continued weakness of demand helps to explain the decision by the Federal Reserve to ease, signalled in the markets today.

All the increase was in food and other non-durables. Sales in the second quarter were 2.3 per cent up on the same quar-

ter in 1989; this is well below the rise in prices, and the fall in real terms is about 2 per cent in the last year. Personal savings have risen sharply, and there has been a broader impact. He said the Fed had been watching to see if tougher lending standards had been "creating a tightening in credit markets independent of actions

avoid a reputation in the commercial banking sector."

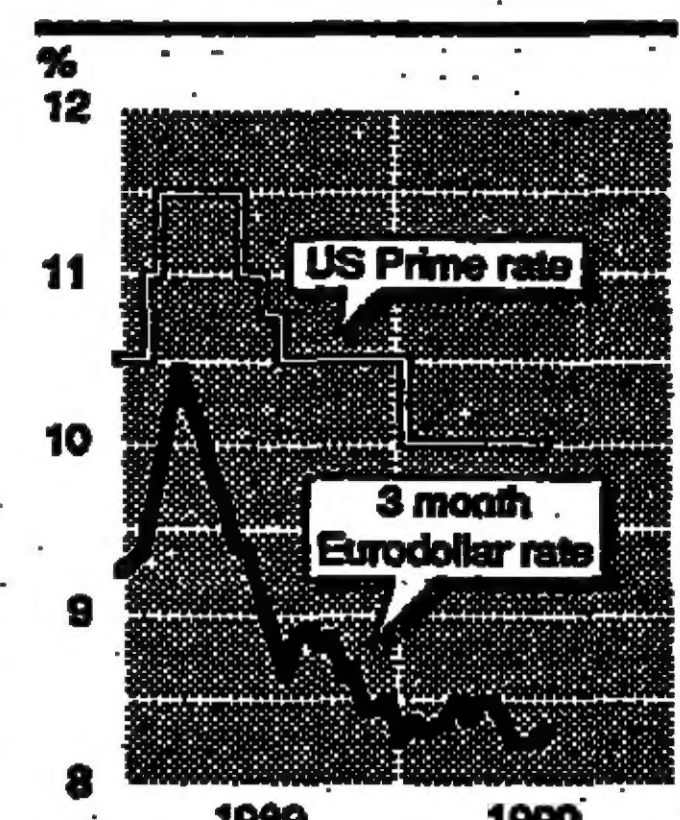
The Fed view until this week was that the problems were localised and in particular sectors, such as property and small businesses, and that there was not a general credit squeeze.

However, Mr Greenspan's remarks on Thursday were the first acknowledgment that there has been a broader impact. He said the Fed had been watching to see if tougher lending standards had been "creating a tightening in credit markets independent of actions

index excluding food and energy, which had previously been rising at a monthly rate of 0.25 per cent; this was because of a 0.9 per cent rise in durable goods, mainly

retailing cars prices.

However, the index for goods sold for further processing fell by 0.3 per cent, and crude goods prices — watched by the Fed as an indicator of future inflation — fell 2.4 per cent. They have fallen 6.5 per cent in the last four months.



by the Fed. The cumulative evidence indicates commercial bank loan rates and collateral requirements are firming in the context of an unchanged Federal funds rate (the main official indicator). This suggests a market tightening of modern dimensions may be occurring.

"If so that could have undesirable effects on the economy that the Federal Reserve would have to consider offsetting using monetary policy."

Mr Greenspan was talking about a correction for an unintended tightening in credit provided by the banks. However, the Bush Administration sees the credit squeeze as part of a possibly more serious downturn in the economy which it is determined to avoid through an early cut in interest rates. Political pressure has been stepped up.

The administration fears that any Fed action will be too little, too late. Besides, it wants any budget deficit reduction package to be accompanied by a cut in interest rates to offset any contracting effect. After several months of subdued debate, both the US economy and monetary policy are at a turning point.

ANNOUNCING THE UK'S FIRST COMPANY AWARD FOR VOLUNTEERING



For many years, businesses have been contributing to the good of the community. More recently, this has taken the form of organised employee volunteer programmes which offer a much needed resource of community volunteers.

Recognising the importance of such schemes in Britain where the number of people volunteering is falling, Business in the Community has launched the UK's first employee volunteering award in association with Whitbread, who are sponsoring it for the first three years. This will recognise the companies which do the most to encourage employee volunteering during the year.

Companies of all sizes throughout the UK can enter for the awards. The closing date for nominations is 28th September 1990. For more information and a nomination form, please write to the address below.

UK Company Award for Employee Volunteering, FREEPOST (BS6647), Bristol BS1 4YU. Tel: Bristol (0272) 292311 ext. 259.



BUSINESS in the COMMUNITY

East German shoe industry facing defeat

Many industries are seeing retailers switch to western suppliers, reports Leslie Collett

EAST Germany's shoe industry, which last year employed 40,000 people, slid toward inevitable disintegration this week along with a large part of the consumer goods sector.

Last Thursday morning, for the first time ever, an East German shoe salesman crossed the threshold of the peeling former state shoe store, SO, in Zossen, 15 miles from East Berlin.

Unfortunately for the salesman, Mr Karl-Heinz Gellert, it was too late. A representative from Gabor shoes of West Germany had visited the day before to show his latest models and the store had stocked up with stiff leather ladies' shoes at DM69 (€20) a pair.

Mr Gellert, from the former state shoe wholesaler in Luckenwalde, had only last year's collection to show. He stared glumly at his suitcase, filled with unwanted shoes, and mumbled that "our consumers" wanted a sturdy, low-priced shoe. But Ms Anke Freitag, the young store manager, was only prepared to buy slippers at DM4.05 a pair, which she will attempt to sell for DM6.10.

"Nearly everyone here buys shoes in Lichtenrade [in West Berlin, 12 miles away] and I don't want to fill up my

shelves with shoes I can't sell," she said. Sales had plummeted to less than DM1,500 a day compared with up to East Marks 7,000 before the Berlin Wall opened.

Mr Ernst Splevack, an official from the commerce ministry who witnessed the sorry scene on an inspection tour, said afterwards that neither the shop nor the shoe industry had much chance of survival.

Nor for that matter did the textile, television or household appliance industries, or much of agriculture.

On his tour he passed lush collective farm meadows filled with unwanted cattle. Huge Soviet-built harvesters cut through fields of ripened grain which would never find a mar-

ket. East German slaughterhouses were filled to overflowing with high-priced and formerly subsidised meat.

Managers of the former state food shops did not need much urging from police to halt orders for East German bread, meat, sausage and dairy products and switch to western suppliers.

In Luckenwalde, the wholesale shoe warehouse was piled to the rafters with crude boxes containing 250,000 pairs of shiny, unsaleable shoes. But they were still being churned out by the shoe conglomerate in Weissenfels. Some shoes were sold to Poland and the Soviet Union. The rest languished on the shelves await-

ing an unknown fate.

Mr Gerhard Drygalla, managing director of the wholesale company, which became a joint stock company on July 1, saw little hope for the domestic shoe industry. He had ordered 18,000 pairs of ladies' shoes from West Germany and Italy but "understandably" the new suppliers first wanted to be assured of his creditworthiness. He was still awaiting a guarantee from a branch of the Dresdner Bank. But it would not be forthcoming until the Treuhänder, the trust which owns the former state companies, guaranteed his company's immediate liquidity needs. So far only 41 per cent of the loan he needed to continue had been approved.

Shoe shops across the land are severing their links with the Weissenfels factory and the former state wholesalers. Schuhhaus Fetschmann had thrown out all its East German shoes and the Magnet department store in Brandenburg had linked up with Kaufhof in West Germany, said Mr Drygalla. He calculated that he might achieve 40 per cent of last year's turnover. "We will be on short time by August if business continues like this."

In the finished goods section of the warehouse, Ms Carmen Mehls and Mr Norbert Pola-

zyk returned from their still subsidised meal in the dining hall. After 14 years as an unskilled worker with the company she will earn DM750 this month. He, newly promoted as her foreman, will take home DM1,250. Still shielded from the impending industrial collapse, they could not imagine working anywhere else.

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INTERNATIONAL NEWS

Japan ready to lift import ban on rice says LDP chief

By Stefan Wagstyl in Tokyo

A SENIOR member of Japan's ruling Liberal Democratic Party yesterday conceded that the lifting of the ban on rice imports was inevitable.

Mr Toshio Yamaguchi, chairman of the party's special committee on economic adjustment, said imports would be acceptable as long as they were limited to about 5 per cent of consumption.

"It is inevitable for Japan to liberalise its rice market. Like American cherries, imported rice would be highly competitive in the domestic market," said Mr Yamaguchi, speaking at a seminar for businessmen.

Mr Yamaguchi's remarks are the strongest sign so far that the ruling party is considering ditching its policy of keeping rice out of international discussions of trade liberalisation, including the Uruguay Round of the General Agreement on Tariffs and Trade. The com-

ments indicate that Japan could be preparing to bow to US pressure for at least a symbolic lifting of the import ban.

However, Mr Clayton Yeutter, the US Agriculture Secretary, yesterday said that a 5 per cent share for foreign rice in the Japanese market is too low. "Five per cent does not constitute significant trade liberalisation in rice or any other product," he said at a news conference, adding "Japan should be able to do better than that."

Mr Yamaguchi's comments are also likely to provoke an intense debate inside the LDP with MPs from farming areas passionately defending the import ban as essential to the Japanese rice industry. MPs have already been given a strong hint that the leadership wants discussion to start in a comment by Mr Noboru Takeshita, the former prime minister, who

last month applauded an opposition party's move to support small-scale imports.

Farm policy was a major point of discussion at this week's Houston summit of the Group of Seven.

Although Japan's rice policy was not specifically raised at the meeting, the leaders, including Mr Toshiki Kaifu, the Japanese prime minister, committed themselves to reducing protectionism.

Wholesale prices in Japan rose 0.9 per cent last month compared with June last year, a smaller rate of increase than the 1.7 per cent recorded in May. The decline will ease fears of a resurgence of inflation, although the Bank of Japan says it will continue to monitor trends closely and shows no signs of easing its monetary policy. Farm subsidies around the world, Page 6

Nigeria to privatise 11 state banks

NIGERIA plans to privatise all banks in which it has a controlling interest, Mr Olu Falae, the Finance Minister, said yesterday, Reuter reports from Lagos.

Speaking at the inauguration ceremony of the new boards of the 11 commercial and merchant banks involved, Mr Falae said details of the sale would be disclosed later.

The 11 include the First Bank of Nigeria, Union Bank of Nigeria and United Bank for Africa, the country's three leading high street banks.

The privatisation plan is consistent with the Government's 18-month-old disinflation programme, which involves 32 enterprises. So far 19 companies have been privatised.

Argentina raises fuel prices

Argentina has raised fuel prices 11 per cent, adding to doubts over whether monthly inflation of 14 per cent will be curbed soon, writes Gary Mead in Buenos Aires.

The raising of fuel prices is related to the Government's other dominant macro-economic aim, that of maintaining its slim fiscal surplus.

Reducing inflation to 2 per cent a month between June and December is part of government targets agreed with the International Monetary Fund in May, which unlocked a previously suspended \$20m standby credit.

Meanwhile, US commercial banks have been required by the regulatory body ICERC (Interagency Country Exposure Review Committee) to write off another 20 per cent, making 60 per cent in all, of their Argentine debt.

Bomb blasts rock downtown Manila

President Corason Aquino of the Philippines alerted security forces on full alert yesterday after six bomb explosions rocked the capital's tourist and financial districts, writes Greg Hutchinson in Manila.

No one was injured and no group claimed responsibility for the blasts before dawn that damaged the Ministry of Education's foyer, several cars and the offices of China Airlines and Avis rental car agency.

The military believes it was most likely the work of right-wing army rebels, seeking to sow confusion and scare off foreign investors and tourists. They do not believe the rebels are strong enough to stage a coup.

Burma's junta refuses to yield

Burma's junta will not yield to demands to transfer power to the National League for Democracy which won a landslide election victory six weeks ago, General Khin Nyunt, the head of military intelligence, said yesterday, AP-DF reports from Rangoon.

He said the junta would not release the opposition group's leader, Aung San Suu Kyi, and warned the opposition not to try to declare a government.

Ms Suu Kyi, the daughter of Burma's foremost independence hero, has been under house arrest since July last year.

Euro-court blocks German lorry tax

The European Court of Justice has confirmed last month's injunction preventing West Germany implementing its controversial plan to tax lorries using German roads, writes Tim Dickinson in Brussels.

The order is designed to prevent the state of commercial disruption to EC truck owners pending the final outcome of the case. That could take many months, possibly two years.

Tamil guerrillas capture army base

Tamil separatists captured an army base in northern Sri Lanka after four days of heavy fighting in which at least 45 soldiers and 50 rebels were killed, security sources said yesterday, Reuter reports from Colombo.

They said the rebels, fighting to set up an independent state for the country's Tamil minority, overran the camp at Kokavil in Mullaitivu district on Thursday after the two sides fought with mortar bombs, rocket propelled grenades and small arms.

Liberia stalemate

Two days of talks to end Liberia's civil war ended yesterday without progress towards a ceasefire, but the rebel delegation pledged to return to the negotiating table next week, Reuter reports from Freetown, Sierra Leone.

Seoul TV staff strike over bill

By John Ridding in Seoul

FOUR South Korean opposition MPs resigned yesterday and television workers began a strike in protest at efforts by the ruling Democratic Liberal Party to force controversial bills through the national assembly.

The resignations came at the end of a week of controversy over government-sponsored bills aimed at restructuring the nation's broadcasting industry and the military's operational command. Opposition groups claim the Government is rail-roading the bills through the legislature.

The four MPs said in a joint statement: "By quitting the parliament, we are protesting the abuse of power by the

regime of the DLP." They urged the dissolution of parliament which they said had turned into a rubber stamp legislature since the formation of the DLP earlier this year by the merger of two opposition parties and President Roh Tae-woo's ruling group.

The DLP holds more than two thirds of the seats, enough to amend the constitution. Meanwhile, hundreds of workers at Munhwa Broadcasting Corporation, Korea's second television station, stayed away from work yesterday, disrupting many programmes.

The strikers were protesting against the DLP's unilateral passage through a parliamentary committee of a broadcast-

ing bill which they say curbs press freedom.

Thousands of workers at the state-run Korea Broadcasting System and two other private radio stations began voting on whether to strike.

The new broadcasting bill would create a private television station and reorganise the KBS, which is the main shareholder in MBC. Opposition politicians and broadcasting unions accused the Government of trying to strengthen its grip over broadcasting stations by setting up a docile new station.

Government officials have said the new bill is intended to introduce competition and broaden consumer choice.

US general dismisses risk of Middle East war

By Hugh Carnegie in Jerusalem

WAR in the Middle East is not a serious prospect, in spite of warlike rhetoric in the region, General Colin Powell, chairman of the US Joint Chiefs of Staff, said in Jerusalem yesterday.

Visiting Israel at the end of a five-nation swing through the Middle East, Gen Powell acknowledged concern over arms escalation in the area, including the build-up of long-range missiles and weapons of mass destruction.

However, he said officials he had spoken to on his trip - which included Jordan, Egypt, Tunisia and Morocco - were anxious to avoid conflict.

He said it was clear that Israel's strength - it now virtually admits possessing nuclear weapons - and its alliances meant there was little prospect of success in going to war with it.

In his meeting with General Powell, Mr Moshe Arens, the Israeli Defence Minister, urged continued US funding for the joint US-Israeli development of an anti-ballistic missile weapon, the Arrow. Israel wants the Arrow to counter missiles held by Syria, Iraq and other neighbours against which it has no defence.

Israel fears US defence cuts could hit the Arrow project.



General Powell: concern over Middle East arms escalation

W Europe car sales fall sharply

By Kevin Done, Motor Industry Correspondent

NEW car sales in western Europe declined sharply in June, the first steep monthly fall following five years of record sales.

Car registrations fell last month in all five large western markets, West Germany, Italy, France, the UK and Spain. The decline was led by falls of 18.2 per cent in the UK and of 12.1 per cent in Spain.

Western European new car sales in June totalled 1,057m, 10.3 per cent lower than a year ago according to industry estimates.

Sales fell in 14 of 17 markets across western Europe, with higher sales recorded in only three markets, Denmark, Norway and Greece.

New car sales in West Germany in June were 8.7 per cent lower than a year ago, while demand fell by 5.7 per cent in Italy and by 8.9 per cent in France.

As a result of the steep fall in June total new car sales in the first half of the year at 7.2m were marginally lower than a year ago, reversing the trend of the first five months.

Across 17 western European markets sales in the first half of the year were higher in 11 countries, particularly West Germany, Italy and France.

These increases could not fully compensate for declines in six other markets, however, including falls of 10.9 per cent in the UK and of 9.9 per cent in Spain.

The biggest falls in the first six months have been suffered in Sweden, a drop of 18.9 per cent and in Finland with a drop of 18.9 per cent.

The decline in June is in line with repeated forecasts from western European car makers that demand would begin to weaken this year following five years of record sales.

Leading car makers including Fiat and Peugeot have warned recently that profits could fall in 1990, as competition in the western European new car market intensifies.

The Volkswagen group of West Germany, which includes Audi and SEAT, has strengthened its grip for the last five years - and captured 15.3 per cent of sales in the first half of the

WEST EUROPEAN NEW CAR REGISTRATIONS

January-June 1990

	Volume (Units)	Volume Change (%)	Share (%) Jan-Jun 90	Share (%) Jan-Jun 89
TOTAL MARKET	7,222,000	-0.8	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi & SEAT)	1,095,000	+2.4	15.2	14.7
Fiat (incl. Lancia, Alfa Romeo & Ferrari)	1,074,000	-3.8	14.9	15.4
Peugeot (incl. Citroën)	929,000	-1.8	12.9	13.0
General Motors (Opel/Vauxhall, US & Saab)	857,000	+3.1	11.9	11.4
Ford (Europe, US & Jaguar)	820,000	+4.0	11.4	10.9
Renault	32,000	-17.0	0.4	0.5
Mercedes-Benz	834,000	-2.0	11.6	11.7
Ford Europe	821,000	-1.7	11.4	11.5
Jaguar	10,000	-14.4	0.1	0.2
Renault	728,000	-0.7	10.1	10.1
Mercedes-Benz	228,000	-1.8	3.1	3.1
Ford	205,000	-5.0	2.8	3.0
Nissan	199,000	-7.7	2.7	3.0
BMW	197,000	-7.0	2.7	2.9
Volvo	186,000	-2.8	2.6	2.6
Mazda	142,000	+15.4	1.9	1.7
Volvo	133,000	-9.1	1.8	2.0
Total Japanese	800,000	+2.7	11.0	10.7
MARKETS:				
West Germany	1,574,000	+2.8	21.8	21.1
Italy	1,383,000	+1.8	18.9	18.4
France	1,188,000	+5.4	16.4	15.5
United Kingdom	1,058,000	-10.9	14.8	16.5
Spain	541,000	-9.9	7.5	8.3

Cars imported from US and sold in western Europe

Source: Industry estimates

year compared with the share of 14.9 per cent held by the Fiat group of Italy, its nearest rival.

Fiat, which includes Lancia, Alfa Romeo, Ferrari and Innocenti, has suffered a fall in its sales volume of about 3.8 per cent in the first six months according to industry estimates, with its share of the market shrinking to 14.9 per cent from 15.4 per cent a year ago.

Fiat is more dependent on its home market than any of the big five volume car makers in western Europe, and ominously it has been losing ground in Italy this year as its share of the market in the first six months falling to 54.3 per cent from 58 per cent a year ago.

General Motors (Opel/Vauxhall) of the US has maintained the position it gained last year as the fastest growing volume car maker in Europe. Opel/

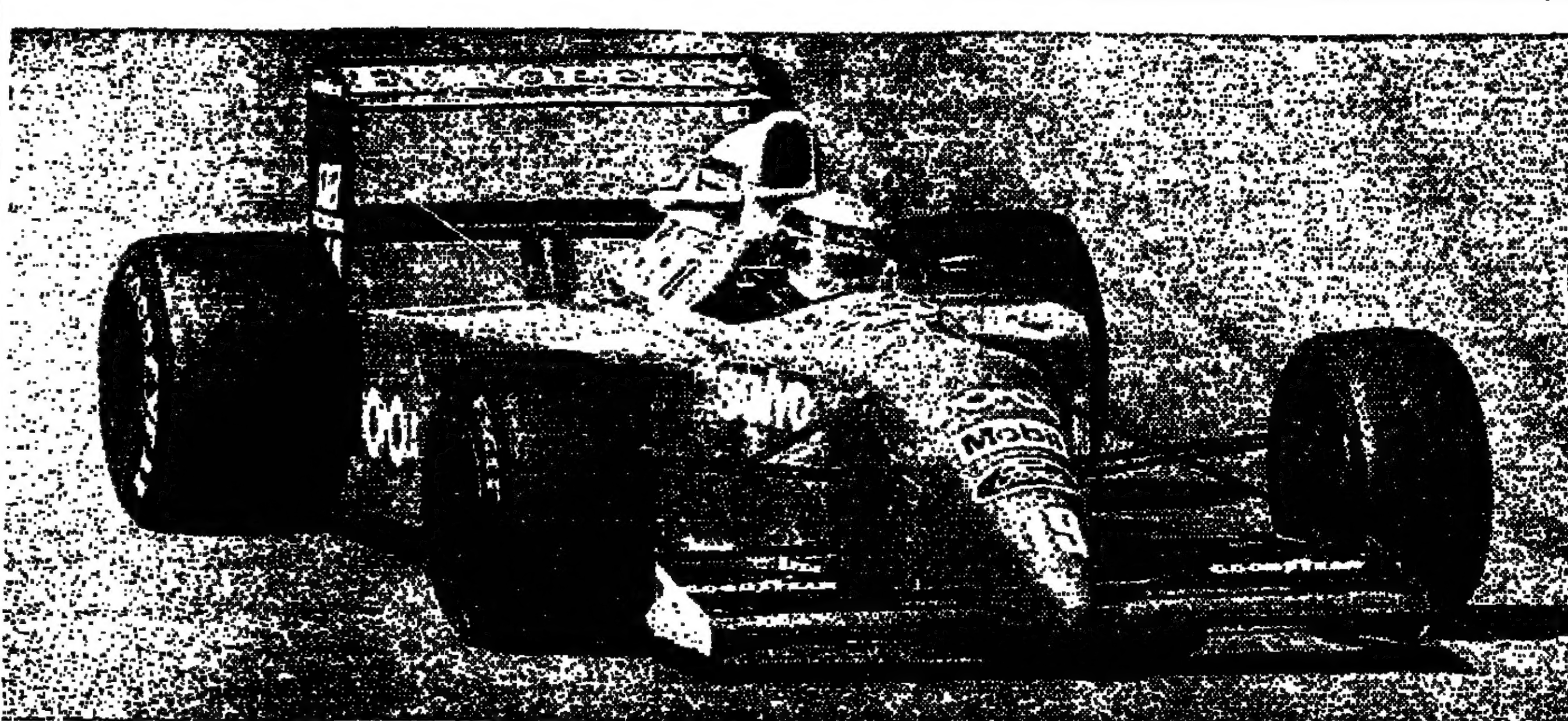
Vauxhall sales were 4 per cent higher at 820,000, only marginally behind the 821,000 achieved by its arch rival, Ford.

The market share captured by Opel/Vauxhall jumped to 11.4 per cent in the first six months from 10.9 per cent a year ago, while Ford's share declined marginally to 11.4 per cent from 11.5 per cent in the first half of 1989.

In total the GM group, including Saab in which GM has a 50 per cent stake and management control, has overtaken Ford, for the first time to capture fourth place in the western European sales league behind VW, Fiat, and Peugeot.

Japanese car makers took 11 per cent of the western European market in the first half of the year, with Mazda achieving a 15.4 per cent jump in sales volume.

UK NEWS



Made in Britain: a Benetton B190, built at Benetton's centre in Witney, Oxfordshire, takes to the circuit

Britain holds on to pole position

John Griffiths looks at the success of the motor racing industry

THE British motor industry's contribution to the UK's balance of trade is on the serious side of negative. Last year it plunged more than £60m into the red.

This week, though, in the run-up to tomorrow's British Grand Prix at Silverstone, Sir Ashley Ponsonby, in full ceremonial dress as Lord Lieutenant of Oxfordshire, was presenting the Queen's Award for Export Achievement to one small segment of the industry.

Mr Adrian Reynard, 38, and Mr Rick Gorne, 34, accepted the award as chairman and managing director respectively of Reynard Racing Cars, the Bicester-based company which is the world's largest manufacturer of purpose-built racing cars.

This year, as last, Reynard's 80 employees will produce more than 250 single-seater racing cars of eight types, ranging from Formula 3000 - an important stepping stone to grand prix - down to junior categories such as Formula GM Lotus and Formula Ford. Turnover will comfortably exceed £10m. More than 60 per cent of output will go abroad.

Reynard has also concluded a contract with a Mexican government agency to supply 40 chassis for this year's inaugural Mexican championship for Formula 3 cars, young drivers' hopefuls' other principal route into grand prix.

Yet Reynard is itself only one component of a peculiarly British success story - the motor sport industry.

At least three quarters of the purpose-built racing cars in use worldwide come from a few dozen small factories, mostly in the Midlands or southern England.

When all aspects of the business are taken into account - including the sponsorship of the UK-based teams which numerically will dominate the British Grand Prix grid at Sil-



Mr Adrian Reynard (left) and Mr Rick Gorne: recipients of the Queen's Award for Export Achievement

verstone tomorrow - the motor sport industry makes a positive contribution to the UK trade balance of at least £300m a year, according to Mr Max Mosley, president of the manufacturers' commission of FISA, the Paris-based world governing body of motor sport.

That helps to explain why the Queen's export award hangs on a number of other motor racing walls, including that of the March Group, also in Bicester, and Mr Frank Williams' grand prix team headquarters in nearby Didcot.

Teams that dominate grand prix racing - McLaren, Williams, Lotus, Tyrrell, Arrows and Benetton - are all entrenched in the English countryside, and much of the input to Ferrari's designs has been carried out in the UK.

The UK industry has penetrated to the top of even the most unlikely branches of motor sport - all the winners and almost all the participants in America's Indianapolis 500 for the past decade have been designed and built in the UK by March, by Lola, which is based in Huntingdon, Cambridgeshire, or by Dorset-based Penske.

Volume car manufacturers spend years and millions of pounds developing items such



Mr Adrian Reynard (left) and Mr Rick Gorne: recipients of the Queen's Award for Export Achievement

as gearboxes and have to produce them in runs of 100,000-plus to make them viable. March, Hewland Engineering, Banbury-based Prodrive and others take a complex gearbox from first design to final production in a few months and will happily build as few as 20.

"It's an extraordinary situation," says Mr Jonathan Ashman, marketing director of the RAC Motor Sports Association, the governing body of motor sport in the UK.

"The UK really is the Silicon Valley of world motor sport. It is the only place that exists with such a large technology base in one relatively small area."

"If you want any kind of specialist, high-tech components designed and made in quantities and within a timescale which any mainstream commercial engineering company would regard as lunatic, you virtually have to come here."

In some areas, the motor racing industry is creating small mini-economies. Silverstone Circuits, which controls the 720-acre complex used for the British Grand Prix, plans to expand an industrial park on the site which already employs 420 people.

New industrial units, to be added during the coming win-

ter to 47 existing ones, will be aimed at "building up Silverstone as a hub for the British motor industry", according to its chief executive, Mr Tom Walkinshaw.

The 47 companies already there are all motor-industry-based, ranging from Mazda's motor sport preparation centre, through racing car constructors, glass fibre specialists, bodyshapers and tuning companies and even a racing drivers' school.

The racing car market is larger than many might expect. For example, more than 10,000 Formula Ford chassis have been sold by UK producers since the formula was launched in 1967.

Norfolk-based Van Diemen, which makes about 150 cars a year, is second to Reynard in volume terms and has produced a total of about 2,000.

Smaller volume doesn't necessarily mean smaller turnover. Lola, for example, sold only 34 Indy cars last year, but at \$246,000 minus engine and gearbox nearly matched Reynard for turnover.

Individually, none of the companies is a very large employer. McLaren International, the full name for Mr Ron Dennis's grand prix championship-winning organisation based at Woking in Surrey, employs 160 people, and March employs 140. But there are literally dozens of companies employing more than 100, and hundreds more in the parts and accessories supply chain.

When retailing in all its forms is taken into account, from supplying on-board fire extinguishers systems to rally jackets and umbrellas, "there are perhaps 50,000 dependent on the motor sport industry for a living in the UK", according to Mr Simon North, a consultant who recently undertook a survey of the industry linked to the annual Racing Car Show held each year in London.

THE GUINNESS TRIAL

Napley rejects fabrication challenge

SIR David Napley, a leading solicitor, yesterday reacted angrily to a prosecution suggestion that he fabricated a statement which he attributed to Mr Olivier Roux, the former Guinness director of finance.

After sharp exchanges with Mr John Chadwick, QC, prosecuting, Sir David, senior partner of Kingsley Napley and a former president of the Law Society, said he would report

Mr Roux had used on December 15?

Sir David: "I am telling you that this was my recollection of what he said."

Mr Justice Henry: "Those exact words?"

Sir David: "Those exact words."

Mr Chadwick: "Without a note?"

Sir David: "Without a note."

Mr Chadwick: "Not a reconstruction? An exact recollection of half a dozen words used?"

Sir David: "Yes. There's nothing very surprising in that."

He agreed that a pencilled note he had made on the letter, to the effect that he and two of his partners were agreed that Mr Roux had said the disputed words, was inaccurate. He had made the note before speaking to his partners, one of whom had then reminded him he had not agreed.

Mr Chadwick: "But your recollection did not run to that?"

Sir David: "It was my recollection at the time of the note."

Mr Chadwick: "The note was inaccurate?"

Sir David: "It was inaccurate, but I did not give evidence about it."

Mr Chadwick suggested Sir David had sought to convey to Mr Roux's solicitors that he could support the quotation when in fact he could not.

Sir David said there was nothing in the letter indicating that the quotation was corroborated.

Mr Chadwick: "You write to solicitors who have indicated this is not their recollection, and you put it in quotation marks in order to lead them to think you have supporting evidence."

That, Sir David replied, was an unwarrantable suggestion or inference.

There was nothing of that sort in the letter. All it contained was his personal recollection - "which was my recollection then and is my recollection today."

Mr Richard Ferguson, QC, for Mr Saunders, told Sir David: "In essence, what is being suggested is that you



fabricated this statement and put it into a letter to another solicitor to mislead that solicitor.

Sir David said there were three answers to that.

"Firstly, there is not a word of truth in that. Secondly,

there is no evidence to support that, other than the uncorroborated evidence of a self-confessed liar.

"Thirdly, if anyone wanted to fabricate something it would be quite ridiculous to put it in a letter to Mr Roux's own solicitors which, as far as we knew, would never again see the light of day - if Mr Chadwick had not resurrected it."

Mr Saunders, former Guinness chairman and chief executive, Mr Gerald Ronson, Heron group chairman, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its takeover of Distillers in 1986.

The trial continues on Monday.

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UK NEWS

Reorganised BCCI may seek UK incorporation

By Richard Donkin and Victor Mallet

THE TROUBLED Bank of Credit and Commerce International, which is undergoing large-scale reorganisation under Abu Dhabi control after two years of losses, is considering incorporating in Britain.

A UK-registered company would probably include BCCI's remaining UK branch network, which could be run as a subsidiary of the holding company.

The latter is registered in Luxembourg but expected shortly to move to Abu Dhabi. BCCI is moving its headquarters to Abu Dhabi from London.

Any UK banking incorporation by BCCI would need permission from the Bank of England, which sets stringent rules on capital adequacy, liquidity and provisions.

Neither BCCI nor the Bank of England would say yesterday whether any negotiations had taken place.

For the proposal to go ahead, the Bank of England would also need to be satisfied that the controlling company was fit and proper to operate within the UK.

Earlier this year BCCI agreed to forfeit \$15m (£3.3m) after two subsidiaries admitted drug-laundering charges in the US.

The reorganisation followed losses of \$496m in 1988, when the bank was forced to make provisions of \$500m for bad debt.

Control has passed firmly into the hands of Abu Dhabi's ruling family, which increased its shareholding to 77 per cent in March.

BCCI said yesterday that UK incorporation was only one of many options being considered in the overall reorganisation programme.

The magazine South has become the latest victim of the

BCCI group's restructuring. It closed this week. South Publications was expected to go into liquidation early next month, employees said yesterday.

The magazine has lost millions of pounds since it was founded to cover Third World issues in 1980, but senior staff say it has been bankrolled until now by the BCCI group from the Cayman Islands.

Mr Alastair Gair, the editor-in-chief and founder of BCCI, said: "They gave me no warning at all. I could have arranged alternative finance."

BCCI denied yesterday that any financial guarantees had been issued by BCCI in connection with South.

The company said: "There is no particular financial relationship between BCCI and South except that, as a customer, limited temporary facilities were allowed to it."

Scrap metal exporter links with steel maker

By Charles Leadbeater, Industrial Editor

THE UNGLAMOROUS scrap metal industry may be on the brink of a shake-up after a merger deal between Mayer Newman, the UK's leading scrap exporter, and Sheerness Steel, the main UK steel manufacturer.

Mini mills use innovative electric arc furnace technology. Leading steel processors believe that mounting concern about the environmental costs of manufacturing and limits on the growth of landfill sites to dispose of waste may transform the scrap recycling industry into one of the trendiest sectors in the next few years.

The industry is becoming increasingly sophisticated and capital-intensive, with substantial investments in new technology to improve the efficiency of recycling.

Steel analysts and scrap processors believe the deal between Sheerness Steel and Mayer Newman, which should be finalised later this year, might presage further links between scrap metal processors and steel mills keen to secure high-quality supplies.

Since the mid 1980s, when demand for scrap in the UK plunged with the dramatic decline in steel production, scrap processors have increasingly sought export markets. In the past few years that has raised concerns among steel producers such as Sheerness Steel about whether they will be able to secure supplies.

There have been similar moves in the US to link mini mills with scrap processors. Thyssen, the West German steel producer, has formed close links with CFF of France, the largest scrap processor in Europe.

In the past few years, some smaller specialist steel producers have installed scrap reprocessing machinery at their production sites.

The deal will merge Mayer Newman with Sheerness Steel's scrap reprocessing subsidiaries, Car Fragmentation and Parry Metals, to form Mayer Parry Recycling, the fourth largest scrap metal group in Europe, with the capacity to produce 1.5m tonnes a year and a turnover of about £170m.

Sheerness Steel is a wholly owned subsidiary of Co-Steel, the Canadian mini mill operator. Co-Steel will pay about £2m for a 75 per cent stake in the merged group as well as providing funds for investment in new machinery. Mayer Newman shareholders will control the remaining 25 per cent of the company.

UK steel production last month was 9.5 per cent down on June 1989 at 344,000 tonnes a week and 3.5 per cent down on May's output levels of 358,000 tonnes, according to figures published by British Steel.

The company said the decline was due mainly to shutdowns at engineering steel companies in Sheffield, a week's shutdown at its Ravenscroft plant in Lancashire and operating difficulties at its Scunthorpe mill.

DTI delivers another rough ride

Alison Smith on keeping hold of the reins in a difficult department

THE DEPARTMENT of Trade and Industry has unhorsed more than its fair share of secretaries of state. Since 1979 it has got through them at an average rate of more than one a year.

Yet instead of steering clear of such a dangerous ride, Tory ministers, including Mr Nicholas Ridley, the present secretary, have queued up to master the DTI. Not all have been allowed to - neither Mr Peter Walker nor Mr James Prior was allowed to manage a department whose responsibilities for promoting competition and not supporting lame ducks are central to the Prime Minister's political thinking.

For some ministers, such as Mr Cecil Parkinson, who was Secretary of State for Trade and Industry in 1983, the post has been a reward for a job well done. For others, such as Mr Ridley, it has been a chance to prove that lack of style is outweighed by the ability to survive in one of the Government's toughest jobs.

What makes the DTI so difficult is the mixed response it arouses within the Tory Party - one Tory's regional policy is another's interventionism, and backbench resistance to foreign takeovers sometimes backs a mergers policy based on competition.

Although there were separate trade and industry departments until 1983, each minister had fewer difficult issues on which to concentrate.

Then after the departments were combined to create a more fearsome mount in 1983, the list of former ministers lengthened quickly.

Mr Parkinson had been in office just three months when publicly about his relationship with Ms Sara Keays forced him to resign from the Government, in October 1983.

Next in the ring was Mr Norman Tebbit, but his effectiveness was weakened after he was seriously injured in the



bomb attack at the Tory party's Brighton conference in October 1984, and his move in the autumn of 1985 to the party chairmanship was not a surprise.

Mr Leon Brittan, previously Home Secretary and no obvious choice, showed early signs of mastering his brief before the political upset early in 1986 caused by the Westland helicopter company saw him tossed on to the backbenches.

The long-standing deputy at the DTI, Mr Paul Channon, was then given the job. His year as secretary of state was marked by difficulties over mergers and takeovers policies. In 1987 he was given a gentler ride as Transport Secretary.

Lord Young of Griffithham, the former businessman who impressed the Prime Minister with his "can do" approach, was next to try. Behind him in the saddle was his deputy, Mr Kenneth Clarke, who survived unscathed to become Health Secretary.

For all the lasso-twirling and cowboy whoops of their ride, the good hard kick that the DTI still possesses has been all too apparent since they dismounted last summer. Issues such as the Fayed ownership of Harrods and the "sweeteners" paid to British Aerospace to buy Rover show that there is much taming still to do.

Mr Ridley is said to have taken on the DTI, gun in hand, ready to have it put down before he finished. The odds on his emerging as winner have now changed.

He then became Financial Secretary to the Treasury, until joining the Cabinet as Transport Secretary in October 1988.

Promotion to Environment Secretary in 1986 gave him a more daunting task, putting him in charge of policies as diverse as water privatisation and the poll tax. His move to the DTI last summer was prompted not by questions about his intellectual ability, but by doubts that he was suited to deal with the growing importance of "green" issues.

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NEWS IN BRIEF

Minet buys 75% stake in Oslo broker

MINET insurance group, owned by St Paul of Minnesota, has bought a 75 per cent stake in Esser International Insurance Brokers of Oslo. No price was disclosed for the purchase, which gives Minet an active presence in the growing broker market in Scandinavia. Esser International is to be renamed Minet Ness Insurance.

Mr Terje Ness, Minet's shareholder partner in the new company, continues as managing director of the renamed company which specialises in marine and energy insurance. Minet plans to expand the non-marine domestic portfolio of the company.

Net book agreement

MR GORDON GRAHAM, a former president of the Publishers Association, yesterday reopened the debate over the net book agreement by calling for a reform of the system in order to increase book sales.

Last September the Office of Fair Trading decided against asking the Restrictive Practices Court to look at the agreement, which allows publishers to set minimum prices.

Mr Graham called for the creation of a new category of books which would allow booksellers to sell potential best-sellers at larger discounts than normal.

Conveyancing move GREATER protection for people using the new conveyancing arrangements to be introduced under the Government's plans to shake up the legal profession was announced yesterday by Lord Mackay, the Lord Chancellor.

The Authorised Conveyancing Practitioners Board, which will supervise the banks, building societies and other bodies which will be able to offer conveyancing services, is to be given powers to investigate authorised practitioners.

Mr Donald Carr, a double-dealer salesman, lost \$5,000 of his savings in DPR. His brush with the highly leveraged and high-risk futures markets, in which DPR bought and sold currency products on his behalf, has put him off investing in the markets. "I haven't touched them since. I can't even bear to read the financial pages," he said.

DPR was wound up two years ago after the Association of Futures Brokers and Dealers (AFBD) rejected the firm's application for a licence to trade. Mr Christopher Sharples, chairman of the AFBD, said nothing that had happened in the trial had changed his mind about his decision not to grant DPR a licence.

The chance of investors' recovering any money appears to be remote. It is a risky market and the law appears to weigh against the consumer, even if there is a legitimate case for trying to recover money, whether paid in commissions or lost on contracts.

Mr Paul Bond, one of the defence lawyers in the DPR case, said yesterday: "The interesting point from a lawyer's perspective is that it is fundamentally easier to defend brokers accused of fraud, whether in the civil or criminal court, than it is to protect their clients who may have lost all they possess."

What became abundantly clear in the DPR case was that, with few exceptions, private clients of any futures brokerage will lose their money, in much the same way as punters on a roulette table will, despite the occasional win, similarly and

Brooke and Collins fail to break Ulster impasse

By Ralph Atkins

MORE THAN six hours of talks between Mr Peter Brooke, Northern Ireland Secretary, and Mr Gerry Collins, Irish Foreign Minister, failed yesterday to resolve differences between the two governments on measures for breaking the political deadlock in Northern Ireland.

The lengthy meeting in London follows disagreement on the timing of the Irish Republic's entry into a series of talks covering all aspects of Northern Ireland.

The continuing impasse is likely to dampen hopes that Mr Brooke will be able to announce details of his plans to MPs before the House of Commons rises for the summer recess in two weeks.

If he fails to meet the deadline, the measures Mr Brooke has been negotiating since January might be seriously - possibly fatally - undermined.

Both sides appear determined that maximum effort should be put into resolving differences. A further round between Mr Brooke and Mr Collins is likely to be arranged as a matter of urgency.

However, Mr Collins's diary is complicated by his wish to be available should Mr Brian Keenan, the Belfast teacher who is being held hostage in Lebanon, be released in the near future.

A week ago, Mr Brooke was unable to outline his plans to the House of Commons during a debate on the renewal of the British Government's emergency powers in the province.

The crux of Mr Brooke's dilemma is resolution of the demand of Unionist leaders that the Irish Republic should not interfere with Northern Ireland's internal affairs and the Irish Government's determination that it should be involved at an early stage in negotiations that may see a replacement to the 1985 Anglo-Irish Agreement.

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Bankers' group condemns Revenue's access scheme

By David Barchard

THE BRITISH Bankers' Association, which represents leading high street banks, yesterday said that proposals to give the Inland Revenue increased access to customer bank accounts were unacceptable.

The association said: "The changes mean, in effect, that any official from the Revenue could walk into any bank branch and demand to look at account details."

A BBA memorandum circulated to banks warns that honest taxpayers might be unknowingly subjected to Revenue investigation into all aspects of their financial affairs.

The proposal arises from the announcement in the Budget of plans to abolish Composite Rate Tax, the tax payment automatically deducted from interest earnings on bank and building-society deposits.

The Revenue is seeking powers to inspect details of deposits and deposit-taking institutions' records. The proposed powers apply to books, documents and other records, a definition the banks claim is sufficiently vague to cover almost all account details.

The BBA wants the Government to make clear at the report stage of the Finance Bill that the existing framework for Revenue investigations will continue. It says changes would undermine the right to privacy of individuals and might undermine the effective working of the self-certification procedure planned for deposit payers eligible to be paid gross interest earnings.

Some investors in DPR lost tens of thousands of pounds, but still gave the firm more money when it said it had found an opportunity to recoup the losses, according to regulators close to the case.

Professor Michael Langham, of Kent University, is a specialist in the markets who appeared as an expert witness in the trial. He believes that protection should not go beyond warning private investors of the risks involved and informing them of commission rates.

"But the fact is that small, private, ill-informed punters tend to lose money. If they are rather lucky they can make a lot," he said.

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Scargill to face libel action from ex-NUM chief Windsor

By Our Labour Staff

MR ROGER WINDSOR, the former Chief Executive of the National Union of Mineworkers, has been granted leave by an Irish court to sue Mr Arthur Scargill, the NUM president, for libel.

Mr Justice Hamilton, president of the High Court in Dublin, gave permission for proceedings to be pressed against Mr Scargill and the Sunday Times newspaper.

In an affidavit read by his lawyer, Mr Windsor said that Mr Scargill had "set about an attempt to discredit me by every means at his disposal."

"He has in particular made false allegations of fraud against me and a number of newspapers have published these allegations which are false and highly defamatory of me."

Mr Windsor co-operated with investigations by the Daily Mirror and Central Television's The Cook Report into the



Roger Windsor: granted leave by Dublin court

financial affairs of the NUM during the 1984-85 miners' strike.

These led to allegations that the NUM received money from Libya during the strike and that union money was used to pay off loans to NUM officials.

A subsequent inquiry by Mr Gavin Lightman, QC, found that Mr Scargill misapplied funds during the strike but cleared him and Mr Peter Heathfield, the general secretary of the Rockliffe Light Railway, was yesterday awarded £227,000 agreed damages at the High Court in London.

Mr John Greene, 42, was hit by runaway skips while working at the face of the tunnel in the City of London in October 1984.

He died shortly after being admitted to hospital suffering from extensive pelvic and internal injuries.

His widow, Elizabeth, 38, of Co Donegal, Ireland, will receive £203,000 of the total award, said her counsel, Mr Jacob Levy. Her three children will each receive £1,000 which will be invested on their behalf.

By consent, Judge Black, QC, entered judgment, with costs, against Mr Greene's employer, Joseph Gallagher (London) of Haringey, north London.

BBC 9.4% accepted UNIONS at the British Broadcasting Corporation have voted overwhelmingly to accept a pay deal which will raise their basic rates by 9.4 per cent plus an extra £100 a year for staff on salaries of up to £20,000.

In a ballot among members of the NUJ, Bectu and ACTU unions, 7,233 voted in favour of the deal, 88 per cent of those voting, and 984 against.

The deal will lead to additional annual rises of £150 for London staff.

Barnsley NUT strike NATIONAL Union of Teachers members in Barnsley, South Yorkshire, are to hold a three-day strike next week in protest over the compulsory redundancies of 22 per cent of teachers.

Mr Peter Scott-Bowen, secretary of the NUT's Barnsley branch, said the union's executive has sanctioned the industrial action.

It is the second such industrial action in Barnsley where 1,000 of the borough's 1,700 teachers are NUT members. A one-day "work stoppage" was held in June over the redundancies.

NEWS IN BRIEF

£227,000 awarded for death of tunneller

THE FAMILY of a tunneller who died from injuries suffered while working on the construction of the Rockliffe Light Railway, was yesterday awarded £227,000 agreed damages at the High Court in London.

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Health unions plan equal pay campaign

By Diane Summers, Labour Staff

THE CAMPAIGN by unions to bring women's wages into line with those of male workers will gain fresh impetus next week when health service unions are expected to launch a joint campaign on equal pay.

The four unions representing 180,000 National Health Service ancillary workers - Cofes, GMB, Naps and TGWU - are likely to announce a series of industrial tribunal test cases. Three-quarters of NHS ancillary workers are women and unions will be claiming that the existing job evaluation scheme is outdated.

The move coincides with the claim by the TGWU of two success in negotiations for equal pay for work of equal value. In one case, part-time female contract cleaners have gained parity with their full-time male colleagues. At another company, women clerks and sales assistants are now to be paid the same as male despatch and warehouse workers, the union claims.

Because of tight finances, the Equal Opportunities Commission is itself backing a decreasing number of equal pay cases. However, unions are being encouraged to press ahead with claims, the EOC said yesterday.

The latest two TGWU cases are at Dagenham in Essex and Belfast. In Dagenham, after talks with the conciliation service Acas, 70 part-time female contract cleaners working for Factory and Office Services have obtained the same hourly rate of pay as full-time male cleaners, says the union.

In Belfast, 26 women employed as clerical and sales assistants by Eason and Sons, book and stationery distributors, claimed parity with 11 men working mostly as despatch clerks and warehouse personnel. According to the TGWU, the company abolished its grading system and now pays one rate.

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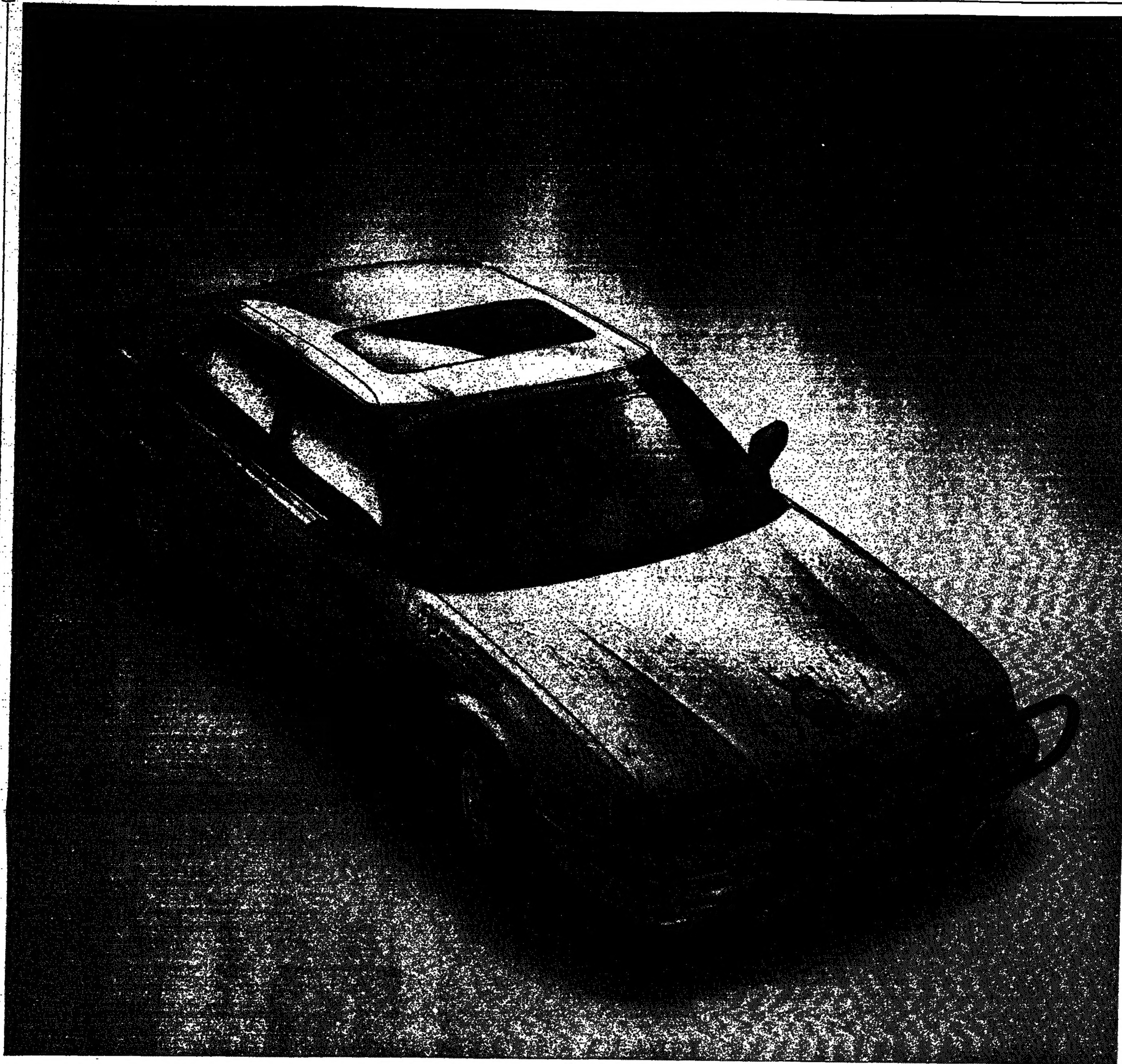
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Teachers join consortium to win funding



THE GUINNESS BOOK OF RECORDS HAS JUST GOT A LITTLE THICKER.

On Sunday, May 13th, six members (three male, three female) of the Royal Army Ordnance Corps went



for a drive.

They drove twenty six thousand and seventy eight miles, lost a lot of sleep and they were on the road for thirty nine trouble-free days.

And they shattered the world record for circum-navigating the globe by car.

The two cars that drove the distance? Both

Rover 827 Si s. Both straight off the production line.

Needless to say, though their cars ran perfectly, their journey was not without incident.

In Morocco, for example, tribesmen and their families use the roads to sleep on during the cold desert nights. Turkey seems to have more than its fair share of mad, wild dogs. And even members of our illustrious Ordnance Corps can be forgiven for getting lost when reading Brazilian route maps. (More of that another day.)

In fact both teams soon learnt on their epic journey that the one thing they could be sure of was that they couldn't be sure of anything.

Except of course, their cars.

For a free brochure on the Rover 800 range call Freephone 0800 521030, or post the coupon to: Rover Cars, Freepost 1399, Slough, Berkshire, SL1 4BU.

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Weekend July 14/July 15 1990

As miracles go wrong

LAST Sunday two Argentine players were sent off in the World Cup final for fouling Germans. This weekend Mr. Nicholas Ridley, the UK Trade Secretary, seems certain to be shown the ministerial red card for the same offence.

It is easy to understand the frustrations that lay behind Mr. Ridley's astonishing outburst in the Spectator, although it is impossible to excuse his lack of judgment. Until only about two years ago the Conservative Government had succeeded in sharply raising Britain's standing in both the European Community and the world at large. The British economy was expanding powerfully, whereas Germany was stuck at the time in a phase of Euroclerotic slow motion.

In 1987 Britain's GDP rose by 4.7 per cent whereas German growth was just 1.7 per cent. The UK's aggressive and independent stance within the EC had achieved important results in areas such as the community's budget, and its insistence on monetary sovereignty was rendered reasonably credible by a low inflation rate. Elsewhere the "special relationship" with President Reagan was at its peak.

Yet in the two years since Mr. Nigel Lawson's dramatic relative standing has become seriously diminished. The German economy is growing at 4 per cent, while the UK may not show much more than 1 per cent expansion this year. German unification will prove costly for the Federal Republic in the short term, but in due course will further increase the country's economic weight and political power.

In terms of European politics, Mrs. Thatcher's prickly independence has come to appear more and more like futile isolationism. President Bush has concentrated on building a relationship with Mr. Kohl. British cabinet ministers are coming face to face with the consequences of being in charge of a not very large, not very successful country.

Plainly bitter

Mr. Nicholas Ridley is plainly bitter about the inevitability of entry into the Exchange Rate Mechanism and fearful of the momentum towards full monetary union. He sees, correctly, that Britain will be forced to adopt German-style monetary policies and that unselected officials will start throwing their weight around.

Highlighting the point, Mr. Robin Leigh-Pemberton, Governor of the Bank of England, ventured on Thursday to describe the view of Mr. Ridley, a Cabinet minister, as "intemperate and misplaced".

words which form no part of a British public servant's traditional vocabulary when talking in public about his political bosses. But they are, no doubt, necessary status symbols for bank governors seeking to join the Euroclub of European monetary guardians.

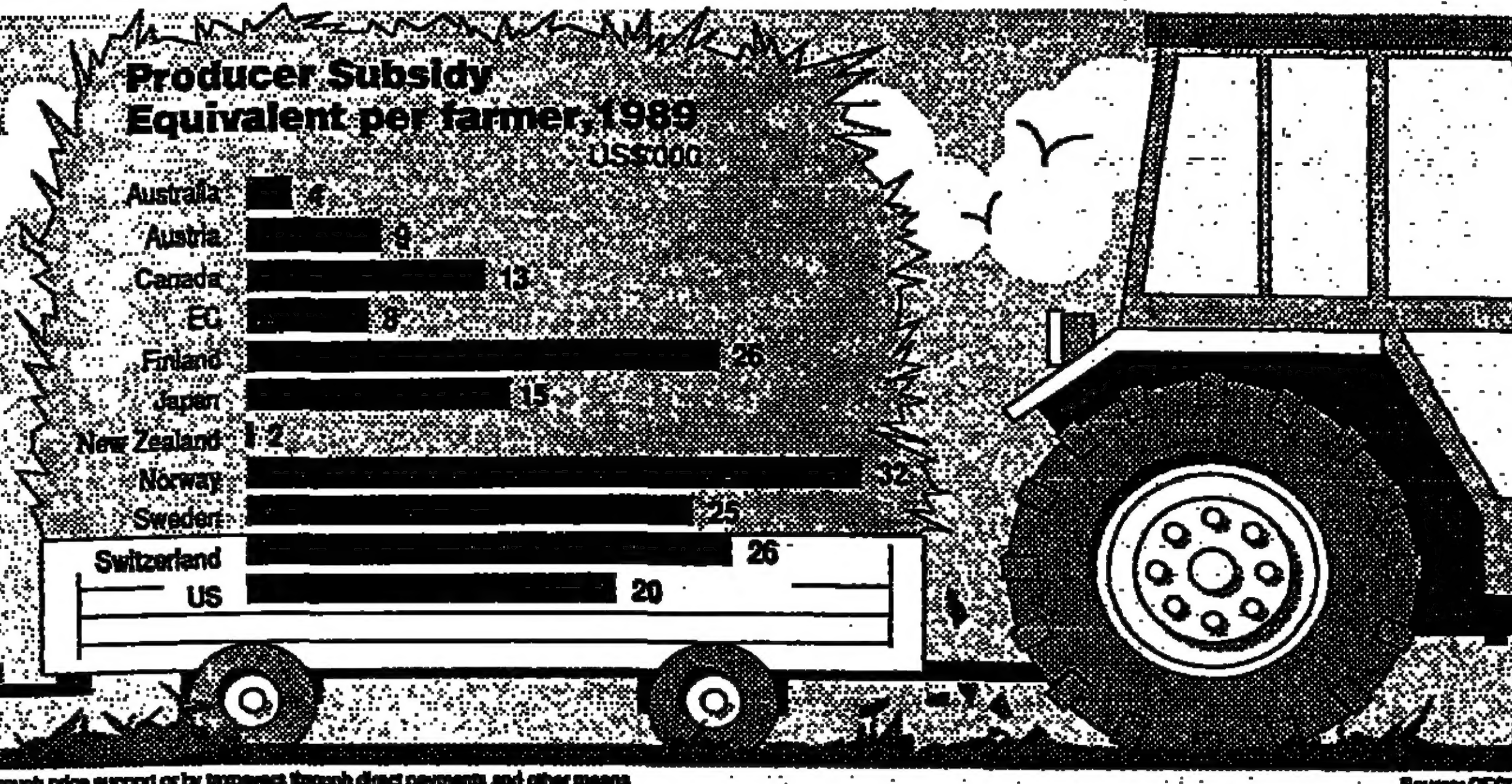
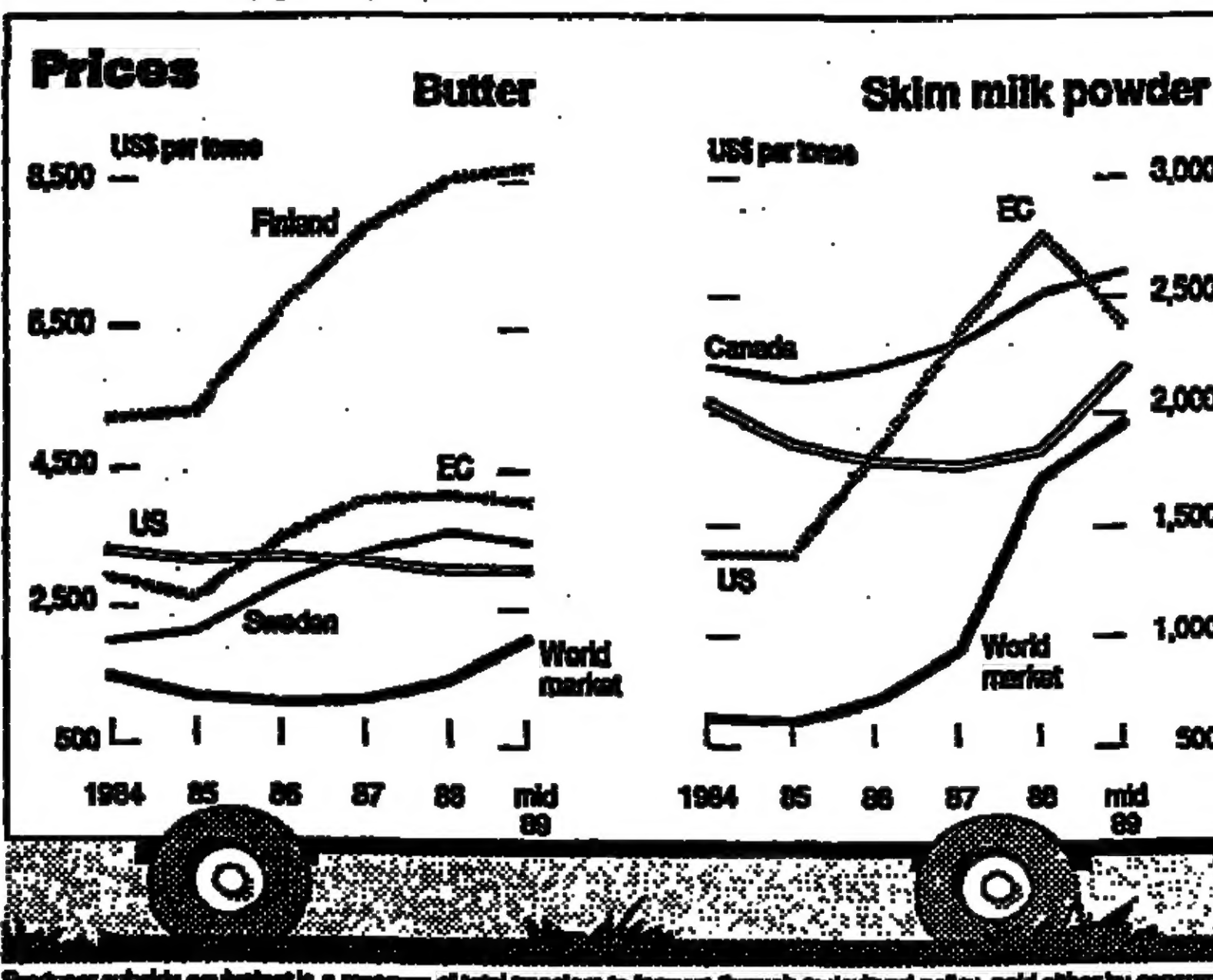
Political necessity

The question which Mr. Ridley might have addressed, however, is why the duly elected politicians of Britain have been so consistently unsuccessful in pursuing their stated economic objectives: this Government's top priority has long been to bring inflation down, but yesterday the inflation rate hit 8.8 per cent, with double digits still a near-term possibility. The overriding political necessity now is to get interest rates down by the beginning of next year. Domestic conditions do not justify such cuts, so the only alternative is an agreement with the governments and central banks of the other EC member states on entry into the ERM and the imposition of a squeeze through the exchange rate.

Ironically Mr. Karl Otto Pöhl, the Bundesbank chief, may be co-operating with the UK's last ever round of pre-election interest rate cuts. But this will not be the same as a monetary loosening, and the consequences for industry could be quite severe. Downward profit revisions by British companies continue - Hawker Siddeley joined the procession on Thursday, for instance - and it looks as though elected British politicians will once again choose to impose the worst pain on the corporate sector, which has no votes, rather than on the personal sector which has all of them.

It might all look fairly depressing for the stock market but relief came this week from Mr. Alan Greenspan, chairman of the US Federal Reserve. His hints of lower interest rates have given encouragement to the American securities markets and have helped Wall Street to send the Dow Jones Average to an all-time high. But the message for the dollar could prove negative, and it is curious to see interest rates on the American currency slipping below those on the Deutschmark.

As for sterling, the Ridley affair backed it slightly off balance. The markets retain the fear that Mrs. Thatcher fundamentally agrees with her Trade Secretary and that when the ERM crunch finally comes, she will refuse to commit the dreadful deed. Perhaps the Germans will find some way of sugarcoating the pill. It cannot help that, undiplomatically, they won the World Cup too.



FT writers examine the burdens imposed by high levels of farm subsidies

Governments held to ransom

Every cow in the US attracted \$1,400 in subsidies in 1986, according to a celebrated calculation by the International Monetary Fund. At the time, this was more than the annual per capita income of half the world's population. Faced with statistics such as this, it is a wonder that voters around the world are not clamouring for an immediate end to the feather-bedding of farmers which now costs industrial countries a total of \$250bn a year.

Against all natural logic, the debate over how to unwind world farm subsidies was the most contentious issue at this week's Houston summit. Even despite the summit compromise it remains one of the most intractable problems confronting the whole Uruguay Round of multilateral trade negotiations.

Yet a closer look at the way subsidies work reveals why progress is so tortuously slow. Not only is the cost of farm support masked in many countries by high food prices which consumers routinely accept. Farm lobby groups, closely linked to national political parties around the world, have long been able to play on voters' technical ignorance and their sensitivity to issues like rural heritage, food security and the environment.

Now, in the wake of the publicity generated by the Uruguay Round and the Houston row and amid growing awareness of the massive budgetary cost involved, the protected farmers of the industrial world find themselves more than ever on the defensive. The battle to reduce subsidies is still likely to be a long one, however, not least because the need to ensure fairness in unravelling the different ways in which support is applied.

Any international agreement on winding down support will require hard decisions by political leaders who often depend on farm lobbies for their support. It will also have to take into account the need to prevent any particular country twisting the process to gain unfair advantage in coveted export markets, for example for grain in North Africa.

The scale of the problem is huge. Europe's Common Agricultural Policy (CAP) now carries an overall cost close to Ecu50bn (\$62bn), of which only about Ecu6bn is thought to reach farmers in terms of benefit. It has survived partly because of the fog of jargon, complex regulations and political double talk which obscures its inner workings from voters and

politicians alike. Stripped down to its bare essentials, the cost to the consumer can be traced to the system of import tariffs, which keep out cheaper food from the rest of the world, and guaranteed price levels fixed by the European Community; an additional burden on taxpayers comes when Brussels steps in to buy unwanted food and when surpluses are disposed of cheaply on international markets.

Such mechanisms ensured that Europe's 11m farmers on average received prices roughly 30 to 35 per cent higher over the last five years than they would have done without any support. A liberalised, or semi-liberalised system, would almost certainly result in a rise in world market prices - but according to Mr. Brian Gardner, an experienced Brussels-based farm policy expert, "consumers are probably paying about 25 per cent more for their food than they really need to".

The sharp reduction in EC stocks over the last couple of years has convinced many who should know better that the problem has now been solved. The surpluses, however, are still there - Europe produces 14 per cent more dairy products than it consumes, for example - but rather than being locked up in the EC's own food stores for later disposal they are now being dumped on world markets with the help of Ecu7bn a year in so-called export refunds (the subsidies paid to traders and food manufacturers which bridge the gap between high EC prices and the lower free market price).

Glib references to "the strength of the farm lobby" do not provide a full explanation as to why the CAP survives. Those who work on the land in continental Europe command much greater popular support than they do, say, in the UK - a phenomenon rooted in different experiences of industrialisation and religious tradition, and illustrated in frequent EC opinion surveys among ordinary citizens in countries like France and West Germany.

Besides, memories of wartime privation have not completely dimmed, and attachment to the CAP as the "cement" which held the Community together for its first 30 years remains strong. Mr. Ray MacSharry, the tough Irish Commissioner who defends the basic principles of the system if not the exorbitant level of subsidies, actually used the phrase in a briefing this week.

The root of the problem, however, is not political defiance in Brussels but the CAP's continuing emphasis on market support as a means of solving what is fundamentally a social dilemma. Guaranteed prices are high because they are needed to sustain the incomes of the millions of Community farmers who eke out their living on just a handful of hectares - yet the relatively small number of large-scale, efficient producers who are responsible for perhaps 80 per cent of the EC's agricultural output receive almost the same level of support.

Much energy has been expended in Brussels on trying to channel more of the resources towards poorer producers - via direct income subsidies, special rebates, and incentives to persuade owners of marginal land not to

By Peter Montagnon, Tim Dickson, Nancy Dunne and Stefan Wagstyl

sow arable crops (the equivalent of closing a factory).

The trouble is that such reforms so far have amounted to little more than a tinkering at the edges; the result is that even modest price cuts of the kind reluctantly agreed by EC heads of government in 1988 impose a genuinely painful burden on smaller Community farmers while failing to curb the relentlessly expanding surpluses produced by their more efficient counterparts.

In sharp contrast to Europe, the US has a cheap food policy - for its consumers, that is, rather than its taxpayers. It is supported by an elaborate web of loans, guarantees, subsidies and other assorted handouts, which cost US taxpayers almost \$50bn from 1987-1988.

In 1990 the US Agriculture Department says it will spend about \$30n on price supports and subsidies to farmers. This estimate does not include about \$6bn for loans which are designed to set a floor under individual commodity prices.

This price support scheme enables farmers to put their crop "under loan" at a pre-established price. The crops are held off the market until prices rise. In the event that prices do not rise - as has often been the case during times of overabundance -

farmers forfeit their crops to government stocks and keep the loan money. Congress has been hard at work drafting the next five-year farm programme, which the Bush Administration said may be re-written next year if Uruguay Round negotiators agree to lower subsidies substantially. Mr. Clayton Yeutter, the US Agriculture Secretary, rails against American farmers' "addiction" to government support, and the budget-plagued Administration wants to make a serious effort to reduce farm spending. It is easy to see why: the Congressional Budget Office reckons that if price support and export programmes were continued at their current levels, payments to farmers would total about \$63bn over the next five years.

However, it is a congressional election year, and a farm bill vote could play a key role in agricultural states. Not surprisingly, both the Senate and House agriculture committees, which are stacked with representatives of farm interests, have passed new draft farm bills that would raise the current costs of supports by several hundred million dollars each year. Although the number of US farmers has declined to about 2.2m, their political clout is enhanced by agricultural interests and the power of the lobby's entrenched representatives.

While export subsidies play a prominent role in Europe, US programmes are linked to the domestic cost of production. This is why the EC is so alarmed at a "solution" to the subsidy problem that would single out export subsidies in particular. It fears that the US would still be free to subsidise domestically, giving its producers a competitive edge and driving European farmers out of world markets.

In the event, US dairy farmers and sugar producers who could never be internationally competitive are likely to resist any Uruguay Round subsidy cutting package. To sell the deal to Congress, the US will need the active support of grain exporters - and their main target is the EC's export subsidies.

Japan, in contrast, has been largely sidelined during the recent row between the US and the EC. But it, too, faces some awkward decisions. According to the Organisation for Economic Co-operation and Development, it is the worst offender of all industrial countries, giving its producers support equivalent to 72 per cent of the value of their output.

Visitors to Japan never cease to wonder at the 240 pound melon - at

once a symbol and a caricature of agricultural protectionism. Thanks to government established prices for farm goods which are passed on to the consumer, food prices there are higher than in any other leading developed country.

This truth is beginning to dawn on the Japanese, as they travel abroad, they realise that food need not be an expensive luxury. A lorry-load of melons can be bought in Australia for the price of a single fruit in a Tokyo department store. Even rice is no longer sacred. According to opinion polls, the proportion of people favouring opening the rice market to imports (which are currently banned) has climbed in recent years from 30 per cent to 65 per cent.

The price paid for rice to farmers has been reduced three times in the past four years, albeit modestly, and further cuts are likely in future. Nevertheless, consumers still pay ¥5,540 for 10 kg of rice, around five times the world price.

However, Japanese consumers are slow to bring pressure to bear on the Government. Consumer rights groups, including the largest Shufurui, are influenced by their close alliances to farming organisations. Also, even though the number of full-time farmers is small (just 2.5m people and declining, up to 20m derive at least some of their income from farming, many of them elderly).

The forces of protectionism are led by Nihon, the farmers' co-operative union, which has 5.5m member households, 13,000 employees and holds over ¥70,000bn in farmers' deposits. It has huge political influence through its ability to deliver votes in the countryside, chiefly to the ruling Liberal Democratic Party.

MPs have often voted unanimously to block the import of even a single rice grain and wax lyrical about the importance of paddy-fields to national culture.

In overall terms, according to the OECD, farming plays only a small role in the economies of its member states. On average it accounts for just 2 to 3 per cent of economic output and 8 per cent of employment.

At some stage the clout of farmers will diminish to the point at which they can no longer hold their governments to ransom. The Houston summit may not have gone that far, but at least the argument there has helped expose the scale of the problem.

MAN IN THE NEWS

Ramiz Alia Reformer in the shadow of the old guard

By Judy Dempsey



was forcibly incorporated into what is now the Yugoslav republic of Serbia. More significantly, Alia's family were Gëgs, another ancient mountain people who eke out a living as herds under the powerful Muslim landlords.

There was little love lost between the Gëgs and the Tosks, as chronicled by the annals which portray a society dominated by ritual and blood feuds. Hoxha papers over the differences: communist ideology dictated that it would transcend all national/tribal differences. Alia thought otherwise.

"He was only 14 years of age when he joined the Albanian anti-Fascist Youth," recalls an Albanian diplomat. "He joined a Partisan Brigade in 1943 and then the Communist Party." Those Albanians who know him omit to say that the young, ambitious Ramiz chose to run with the clan in power: the Tosks. In doing so, he disowned some of his Gëg blood ties, including Tuk Jakova, the defence minister, and Liri Be-

shova, a protégé of Nikita Khrushchev. Both of them were denounced by Hoxha for betraying the socialist cause as the ideological dispute with Moscow reached its climax. Alia, who by 1980 was already in the Politburo, turned a blind eye to these denunciations. Loyalty to the status quo prevailed over allegiance to family. The refrain of an Albanian folk song - "The Albanians do not forgive blood" - may still echo in his, and other Albanians' ears.

Alia continued to consolidate his position in the establishment, by marrying Semirani Cuvani, the daughter of the Albanian scholar Aleksandar Cuvani and of a respected Eastern Orthodox family. One of Alia's two daughters married Hoxha's son - a fact which Albanian diplomats do not discuss.

Those who know Alia say it was Nedumë, Hoxha's widow, who first noticed him when both were in the anti-fascist youth movement during the

Second World War. Apparently it was she who promoted and protected Alia. In turn, he actively supported Hoxha's policies throughout the turbulent 1950s and 1960s. By the 1980s, Alia was thought fit (he used to be a keen tennis player) and loyal enough (he wrote many of Hoxha's speeches) to stand by his master's side as the old man cleared the ground for his chosen successor.

But now, after five years in power, Alia is trying to emerge from the grim legacy of Hoxha. The exodus of the Albanian "boat people" from the Bahamas in Tirana poses the biggest challenge to his authority. "This unfortunate incident is a great blow to our reforms," an Albanian diplomat commented. "But we think Alia will remain in control. He has the support of the leadership and people. He just needs time."

Since 1985, Alia and Reis Maillie, his foreign minister, have revamped their country's image abroad by replacing more than 40 of their 100 ambassadors. At home, Alia

demoted the powerful Simon Stefani from the hated Interior Ministry along with several of the old guard. Albanian officials say this has nothing to do with squeezing out the Hoxha clan. A defensive diplomat said: "Alia simply wants to rejuvenate the leadership. Alia and Hoxha were very close."

But his reforms must be causing waves among the people put in power by his predecessor, as Alia starts introducing political and economic changes. But can he reduce his dependence on those who gave him power, and still survive? Can he contain unrest and emigration? Alia has little time. At 64 years of age, he has much to do.

An Albanian diplomat commented: "He is our only hope." Alia's personality is an asset. In contrast to the ruthless reign of Hoxha, a short, balding figure, he is by all accounts, a lively, less dogmatic man. "He always had the reputation of being an intellectual in the party leadership," said a colleague.

He has spent much of the past five years touring the country, explaining the need for change in speeches which mix loyalty to Marxism-Leninism with a cautious endorsement of the need for economic change (and harder work), and equally cautious recognition that the rest of the world is no longer an undifferentiated swamp of imperialism and repression. As far as Albanian diplomats know, he has never travelled to the west so he cannot put his languages - French and Italian - to the test.

He always speaks through interpreters, a colleague said. These languages, including Russian, which Alia learned at the party school in Moscow in 1957, may come in useful as Albania slowly starts to emerge from the self-imposed isolation of the previous regime. But the unsettled waters across the Straits of Otranto, and the latent sense of grievance by the Gëgs, may cast another and more menacing spectre over his fragile rule.

FROM THE GLOBAL EXPERTS

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Rift over Europe remains dangerous

Anthony Rosen,
Rosehill,
Arford,
Headley, Hampshire

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down as Fed adds funds

THE DOLLAR lost ground yesterday on speculation that the Federal Reserve may have eased its monetary stance. The Fed added liquidity to the New York banking system, via over the weekend system repurchase agreements, when Fed funds were 8 1/2 per cent.

The US authorities also added liquidity on Thursday, through customer repurchase agreements, when Fed funds were 8 1/2 per cent. This was probably technical, but yesterday's action by system repurchase agreements, when Fed funds were down to 8 1/2 per cent, was regarded as a stronger move.

The last change in US monetary policy was about seven months ago and since then the Fed is believed to have targeted Fed funds at 8 1/2 per cent. On Thursday Mr Alan Greenspan, chairman of the Federal Reserve Board, hinted to a meeting of the Senate Banking Committee that credit policy may be eased.

The dollar fell from a high of DM1.6480 to close in London at DM1.6425, compared with DM1.6555 on Thursday. Nevertheless the US currency held firm against the Japanese yen, closing at ¥147.45 in London, and rising to ¥147.90 soon after in New York. This was despite suggestions that Japanese interest rates are likely to rise.

The dollar was well above the levels of around ¥148.55 seen in New York on Thursday shortly after Mr Greenspan's comments, but was below the London close of ¥148.75 on the same day.

Against other major currencies the dollar fell to SF1.3920 from SF1.4035 and to FF5.5125 from FF5.5525 at the London close. Its index declined to 65.6 from 66.0.

Reaction was muted to the expected rise of 0.5 per cent in the June US producer price index and a stronger than forecast rise of 0.6 per cent in the PPI, when stripping out food and energy prices. There was

also little reaction to the first rise in US retail sales for four months, with dealers saying that the consumer sector remains sluggish. Sales rose 0.5 per cent in June, against forecasts of around 0.4 per cent.

Thursday's episode involving a verbal attack on West German by Mr Nicholas Ridley, UK Trade and Industry Secretary, cast a shadow over sterling. The pound gained some consolation from a lower than expected figure on UK inflation, but attention was focused on the political implications of Mr Ridley's remarks. A year-on-year rise of 9.3 per cent in the UK retail price index was above the May figure of 9.7 per cent, but slightly below market estimates of 9.9 per cent.

Sterling rose 95 points to \$1.8555 against the dollar, but fell to DM2.9650 from DM2.9725 to FF5.9525 from FF5.9725, to SF2.5125 from SF2.5200, and to ¥366.25 from ¥367.25. The pound's index rose 0.2 to 93.5.

FINANCIAL FUTURES AND OPTIONS

Strike	Call	Put	Settle	Settle
82	1.17	0.15	0.15	0.15
83	1.17	0.15	0.15	0.15
84	1.17	0.15	0.15	0.15
85	1.17	0.15	0.15	0.15
86	1.17	0.15	0.15	0.15
87	1.17	0.15	0.15	0.15
88	1.17	0.15	0.15	0.15

Strike	Call	Put	Settle	Settle
100	0.01	0.01	0.01	0.01
101	0.01	0.01	0.01	0.01
102	0.01	0.01	0.01	0.01
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105	0.01	0.01	0.01	0.01
106	0.01	0.01	0.01	0.01
107	0.01	0.01	0.01	0.01
108	0.01	0.01	0.01	0.01
109	0.01	0.01	0.01	0.01
110	0.01	0.01	0.01	0.01

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110	0.01	0.01	0.01	0.01

pc	2451.0	2458.0	2433.0	2439.0
ar	2513.0	2506.0	2506.0	2499.0
ar	2559.0			2547.0

Estimated volume 3889 (5149)
Previous day's open int. 22648 (21649)

FT GUIDE TO

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talliesman system.

They are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(5) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

* Bargains at special prices. † Bargains done the previous day.

British Funds, etc

No. of bargains included 207

Guaranteed Export Finance Corp PLC

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Joe Matsau, Managing Director of the Lesotho Electrical Company, is bringing energy to the villages of his country.



Joe Matsau is bringing electricity to "The Kingdom in the Sky".

The de-forestation of some parts of Africa has been a matter of survival, not profit. In the mountainous kingdom of Lesotho, generations of villagers have had to live off the land for fuel to cook and heat their homes.

Joe Matsau of the Lesotho Electrical Company has a promising alternative. He is directing a long-term rural electrification programme which will make his country energy self-sufficient.

Hydro-electric power is the key, with transmission lines reaching up to over 2,000 meters into the "Kingdom in the Sky", as it is known locally.

Village by village, Lesotho is switching dependency from the earth's fragile resources to the fruits of man's ingenuity.

"We still have a long way to go", says Mr. Matsau, "but the programme would never have seen the light of day without ABB's help - not just their technology, but their skill in identifying crucial aid and loan sources for us."

"The world is changing fast. To catch up, we have to change even faster. And, thanks to ABB, we're doing just that."

ABB is a world leader in electrical engineering, committed to the development of new and better ways of generating power, getting it to where it is needed, and using it efficiently.

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LONDON STOCK EXCHANGE

London stocks helped by Wall Street

WALL STREET yesterday came to the rescue of a third-looking UK stockmarket which had managed no more than a modest rally following the announcement of the latest data on domestic inflation. More profits downgraders for leading companies by City analysts kept the investment mood subdued and much of an 11 point gain on the FTSE index reflected demand for Wall Street-orientated stocks, with leading oil groups standing out.

The powerful advance triggered on Wall Street by hopes of an easing in Federal Reserve monetary policy overshadowed other factors in the London

Account Dealing Dates	
First Dealing	Jul 10
Option Dealing	Jul 10
Second Dealing	Jul 10
Third Dealing	Jul 10
Fourth Dealing	Jul 10
Fifth Dealing	Jul 10
Sixth Dealing	Jul 10
Seventh Dealing	Jul 10
Eighth Dealing	Jul 10
Ninth Dealing	Jul 10
Tenth Dealing	Jul 10

market. With the Dow already at a new peak overnight, the UK market opened higher, but lost impetus ahead of the announcement of the UK retail price index for June. The annualised gain of 9.8 per cent number was a lower than some City predictions but did little to change expecta-

tions that the rate will peak in the next month or two. Equities, which had drifted into negative territory, flicked higher on the RPI news but were slow to make further progress in the face of an improvement in sterling. It was only as London began to scent a strong opening on Wall Street that share prices extended their gains. UK Government bonds, nearly a full point ahead at first, slipped back to close with gains to half a point.

The FT-SE index closed at 2387.5 for a net gain on the day of 11.7. The market has gained 42.2 FT-SE points this week, a somewhat surprising perfor-

mance in view of discomfiting trading news from a wide range of UK companies, including Rank Organisation and Hawker Siddeley, as well as a steady flow of corporate profits downgraders from City analysts. Traders suggest that a very modest bout of cheap buying by the institutions caught marketmakers with virtually flat trading books, forcing them to compete for stock in the market.

US interest in London was strong at yesterday's close, although by no means always positive. There was determined demand for both BP and Shell, with share gains fuelled also by closing of positions by Lon-

don marketmakers who took the bear tank on oils earlier this week. But National Westminster bank into a heavy seller in American Depository Receipt ahead of results from NatWest's US operations which are exposed to the troubled New Jersey property sector.

Sea volume remained relatively high by recent standards, although the day's total of 399.2m shares was down from 460.6m in the previous session. Customer investment in the London equity market has continued this week to fluctuate between 21bn daily, according to the statistics released by the International Stock Exchange.

Heavy deals in NatWest

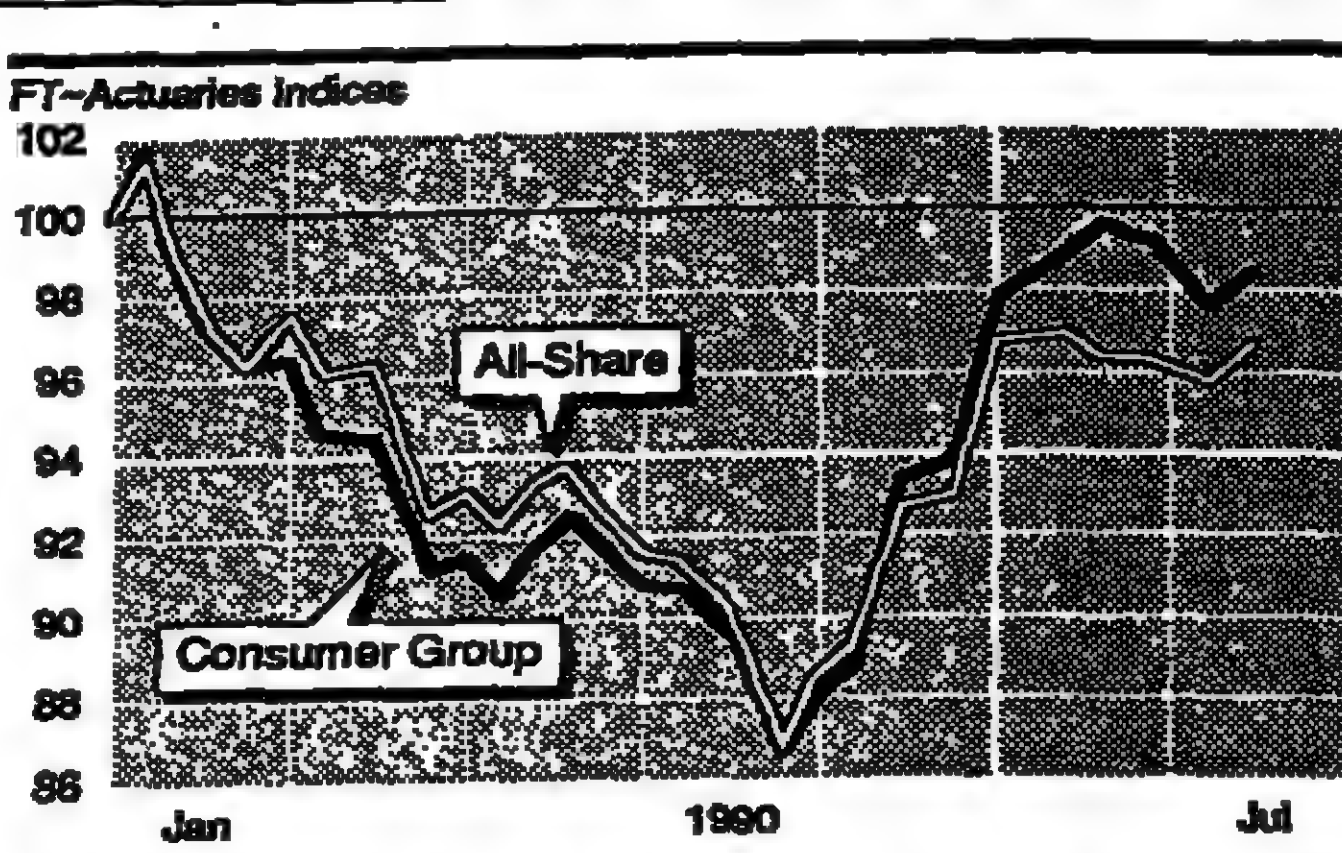
Two heavy trades in NatWest Bank shares late in the session caused a flurry of excitement. Dealers were winding down for the weekend when a line of 6m NatWest appeared on the Seaq ticker, closely followed by a block of 5m. Specialists moved quickly to try to pin down the sources of the business, noting that single trades of that size in NatWest was very unusual. It was suggested that the 6m block represented a sale by a US institution of 1m NatWest ADRs - each NatWest ADR comprises 6 NatWest ordinary shares. The stock was rumoured to have been offered around the London market during the afternoon and sold just before the close. Dealers said the 5m share trade indicated a successful placing in the London market.

The UK bank's US subsidiary is expected to announce its second quarter figures within the next ten days. Analysts expect NatWest USA to make a provision of some \$50m to reflect its exposure to the troubled New Jersey property market. There are also continuing worries about the bank's exposure to the Donald Trump empire. NatWest shares settled 3 off at 330p with turnover reaching 14m shares.

Carlton downgraded
A series of brokers' downgradings sent Carlton Communications reeling. The share price had already been weakened by an overnight seller in New York of at least 1m shares, said traders, and by a sell recommendation from Kleinwort Benson earlier in the week.

Yesterday's downgradings began to appear as soon as the market opened. They came from BZW and Cazenove, the company's joint brokers, and Shearson Lehman Hutton. Analysts at County NatWest WoodMac expect to finalise their new forecast by Monday. Analysts have cut around \$10m from their forecasts for the current year to \$250m or a little higher. Stealing the strength was the main factor, although Mr Chris Alexander at Shearson said that the earnings per ADR (the form in which the shares are traded in New York) would rise.

Ms Jane Anson at BZW said that, apart from the agency consideration, the US market on video duplication, especially for promotional videos, were coming under pressure. Marketmakers added that disappointing statements ear-



Consumer stocks survived publication of the UK retail price index yesterday. They have only begun to outperform the rest of the market, after a period of relative weakness, on a mixture of hopes that sterling's entry into the ERM will lead to a fall in interest rates and that inflation's peak is in sight.

lier in the week from Rank Organisation and Granada had made them wary of surprises in Carlton. In steady turnover of 5.7m shares, Carlton fell 56 before recovering a little to close a net 40 lower at 460p.

Trafalgar a victim
Trafalgar House became another victim yesterday of the cloud over the UK corporate profits scene. Two leading investment houses appeared to lower their profit expectations for the diversified trading group and this frightened the market. However, the reductions in both forecasts were made to take account of exceptional items.

Mr Mike Murphy of Warburg Securities moved his 1990 estimate from £265m to £196m after deducting £70m for an exceptional write-off, including the capitalisation of interest. Cazenove would not confirm widespread suggestions that it had also stripped out the capitalisation of interest from its projection, which is now thought to be £210m.

A gloomy survey from UBS Phillips & Drew on the outlook for commercial property added to the overall depression. Specialists agree that the weak-

ness of the property market could persist throughout next year - Smith New Court's estimate for Trafalgar in 1991 is below the 1990 figure. This was further reason for Trafalgar House shares to fall and the price tumbled to a low point for the year of 264p before closing 8 down on the day at 276p, after heavy volumes of 9.6m.

Wellcome caution

Wellcome fell quickly as at least three securities houses signalled their caution on the stock. Mr Robin Gilbert of James Capel said that at an Aids conference this week fears had been expressed over recent US trials of Wellcome's drug Retrovir. He said that some doctors were "confused over whether they should prescribe Retrovir for asymptomatic (patients with the Aids virus but who do not show symptoms of the disease)".

Mr Jonathan de Pass at BZW, a long standing bull of the stock, cut his forecast for profits for the year ending August 1991 by \$50m to \$500m. He said that sterling's strength was the main reason for the change although the falling daily dose of Retrovir was also a factor. The comparable Capel

figure is \$430m. In the afternoon, Hoare Govett was also believed to have made cautious views on the stock.

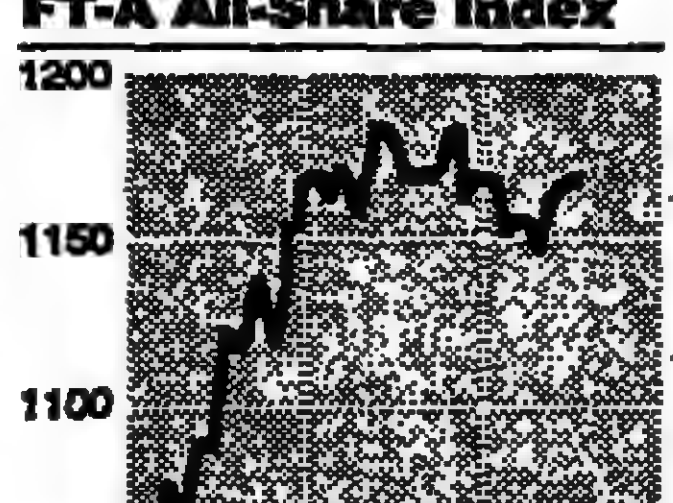
Wellcome bottomed at 589p before closing at 593p, still a net decline of 16. Turnover was above average at 1m shares.

Revived worries over commercial property, and particularly bank loans to property companies, exerted heavy pressure on the sector. UBS Phillips & Drew is especially downbeat and argues that "the current bearish scenario is not reflected in property values because even at this level they bear exactly the same relationship to gilt and equity yields that has obtained over the past five years."

UBS also points to the huge volume of development work in progress and advises sales of most stocks with the exception of MEPC. The latter still dropped 10 to 500p but heavier losses appeared against Greyhound, 460p, and Barchan, which dropped 15 to 185p. Speyhawk was one of few to resist the trend, rising to 278p on renewed bid speculation before settling 19 up on balance at 269p.

Cannells buried recent takeover speculation by announcing that following a bid approach, which has been rejected, intends to terminate its insurance tie with

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Excluding: Inter-market Business & Overseas turnover

600

400

200

0

May Jun Jul

stakeholder Legal & General

shares yesterday had

suggested L & G would bid for

Cannells whose shares ended 9

lower at 140p.

Buying interest in the oil

sector accelerated as crude oil

prices maintained their strong

upward trend in response to

reports that the United Arab

Emirates has agreed to cut its

daily output from 32m barrels

a day to 15m barrels after the

OPEC meeting to be held on

July 25.

concern continued over tight-

ening scrap supplies and the

strike at Eramet-SLN's New

Caledonia operation. The cash

LME price climbed \$42.50 yes-

terday to \$351.75, an ounce on

\$9,812.50 a tonne, up \$1,192.50

on the week.

Also higher was copper, with

the cash position see-sawing to

a 247 weekly gain at \$1,581 a

tonne. There was no clear pat-

tern to this week's copper

news, however. Reports of a

second rock-burst at Codelco's

El Teniente mine in Chile were

quickly denied, as was talk of

production problems in Zambia

caused by spare parts short-

ages and transport difficulties.

But there was brisk physical

offtake in Europe and the Far

East and buyers were encourag-

ed by Monday's LME stocks

fall to 51,225 tonnes, the lowest

level since May 1988. However,

a further 4,375-tonne fall

announced yesterday failed to

prevent the cash quotation

declining 213 on the day.

The weakest LME market

was lead, with the cash pos-

ition falling \$18.50 on the week

to \$492.50 a tonne. Dealers

attributed the fall to disap-

pointment at the market's

slow response to recent sup-

ply disruptions, plus yester-

day's LME stocks rise.

Richard Mooney

FINANCIAL TIMES STOCK INDICES

	July 13	July 12	July 11	July 10	July 9	July 8	Year Ago	High	1000	Low	Stony High	Completion	Low
Government Secs	78.94	78.72	78.67	78.78	78.40	80.48		84.20	74.13	127.4		48.18	
								(30/4)	(30/4)	(10/35)		(3/175)	
Fixed Interest	87.34	87.28	87.28	87.21	87.24	96.95		92.1	85.80	100.4		50.5	
								(30/4)	(30/4)	(22/117)		(3/175)	
Ordinary Share	189.1	189.1	187.7	189.0	189.3	189.4		199.3	189.5	200.6		49.4	
								(3/1)	(3/1)	(5/39)		(28/5/40)	
Gold Mines	175.7	172.7	174.2	173.9	179.3	202.1		378.5	167.9	794.7		63.5	
								(9/2)	(15/6)	(15/293)		(25/10/71)	
FT-SE 100 Share	2362.2	2370.5	2390.6	2327.5	2391.5	2273.7		2427.7	2102.4	2654.7		11.00	
								(30/4)	(30/4)	(3/159)		(23/7/84)	
Ord. Div. Yield	4.93	4.96	4.94	5.00	4.94	4.29		Share 100 Gdn. Share 120/250, Fixed Int. 10/250					
Earning Div. %	10.89	10.95	10.93	11.07	11.09	10.05		Ordinary 167/35, Gold Mines 120/250, Share 100					
P/E Ratio(Wed't)	11.14	11.08	11.10			11.89		FT-SE 100 31/12/93, 50 1/2 11.00					
S&P Rating 4.35pm	25.984	27.802	25.339	22.689	21.130	21.03							
Equity Turnover(GnT)	949.89	993.3	793.61	83.00	183.00	1745.56							
Equity Shareholder		27.535	25.183	29.273	25.223	43.03							
Shares Traded (mjt)		395.3	39.1	79.3	59.3	331.1							
Ordinary Share Index, Hourly changes	Day's High 189.1						Day's Low 189.5						
Open	10 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm	5 pm	6 pm	7 pm	8 pm	9 pm
Open	189.1	189.1	187.7	189.0	189.3	189.4	199.3	189.5	200.6	200.6	200.6	200.6	200.6
FT-SE, Hourly changes	Day's High 2362.2						Day's Low 2365.0						
Open	2362.2	2370.5	2390.6	2327.5	2391.5	2273.7	2427.7	2102.4	2654.7	2654.7	2654.7	2654.7	2654.7
S&P activity 1974.													
Excluding intra-market business &													
Financials turnover.													
London report and latest													
Share Index: Tel. 0599 12300													



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[illegible]

US MARKETS (2pm)[illegible][illegible][illegible]

	1975	1976
1	21.10	+0.6
2	22.40	+0.2
3	22.50	+0.2
4	23.05	+0.6
5	23.10	+0.5
6	23.15	+0.5
7	23.20	+0.2
8	23.25	+0.2
9	23.30	+0.1
10	23.35	+0.1
11	23.40	+0.2
12	23.45	+0.5
13	23.50	+0.5
14	23.55	+0.5
15	24.00	+0.5
16	24.05	+0.5
17	24.10	+0.5
18	24.15	+0.5
19	24.20	+0.5
20	24.25	+0.5
21	24.30	+0.5
22	24.35	+0.5
23	24.40	+0.5
24	24.45	+0.5
25	24.50	+0.5
26	24.55	+0.5
27	24.60	+0.5
28	24.65	+0.5
29	24.70	+0.5
30	24.75	+0.5
31	24.80	+0.5
32	24.85	+0.5
33	24.90	+0.5
34	24.95	+0.5
35	25.00	+0.5
36	25.05	+0.5
37	25.10	+0.5
38	25.15	+0.5
39	25.20	+0.5
40	25.25	+0.5
41	25.30	+0.5
42	25.35	+0.5
43	25.40	+0.5
44	25.45	+0.5
45	25.50	+0.5
46	25.55	+0.5
47	25.60	+0.5
48	25.65	+0.5
49	25.70	+0.5
50	25.75	+0.5
51	25.80	+0.5
52	25.85	+0.5
53	25.90	+0.5
54	25.95	+0.5
55	26.00	+0.5
56	26.05	+0.5
57	26.10	+0.5
58	26.15	+0.5
59	26.20	+0.5
60	26.25	+0.5
61	26.30	+0.5
62	26.35	+0.5
63	26.40	+0.5
64	26.45	+0.5
65	26.50	+0.5
66	26.55	+0.5
67	26.60	+0.5
68	26.65	+0.5
69	26.70	+0.5
70	26.75	+0.5
71	26.80	+0.5
72	26.85	+0.5
73	26.90	+0.5
74	26.95	+0.5
75	27.00	+0.5
76	27.05	+0.5
77	27.10	+0.5
78	27.15	+0.5
79	27.20	+0.5
80	27.25	+0.5
81	27.30	+0.5
82	27.35	+0.5
83	27.40	+0.5
84	27.45	+0.5
85	27.50	+0.5
86	27.55	+0.5
87	27.60	+0.5
88	27.65	+0.5
89	27.70	+0.5
90	27.75	+0.5
91	27.80	+0.5
92	27.85	+0.5
93	27.90	+0.5
94	27.95	+0.5
95	28.00	+0.5
96	28.05	+0.5
97	28.10	+0.5
98	28.15	+0.5
99	28.20	+0.5
100	28.25	+0.5

15.70	10.1
7.95	10.04
3.86	10.02
3.70	10.3
7.00	



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1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	9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MINES—Contd

Stock	Price	+ or -
Piercy Mining Co. Y	115
Warrants..... Y	38
Go-Downhill.....	12

1917, 1918	347	-
Ste Mining 10p...	17	
by Res Corp.	15	
rs. March 10c	15	
REX Inc.	6	
aner. Int. 1/10p	10	
opa Minerals 2p	5	
ror	3	
ewich Res.	22	-1
A. C. Ad. M.	12	

Western Mining 51	26.8	
Western	29.6	+1/4
Finley Ind. Lbrs.	31.2	
Sabian Res. CS1	34.4	
Phlegate CS1	34.1	
Quest Res.	34.1	
Team Mining 20p	52	
210p	54.9	+8

Young Group 10p... 120 -1

THIRD MARKET			
Stock	Price	+ or -	Dist. Co.
Wells Fargo 20s	14		
Wells Fargo 10s	30		
Wells Fargo 5s	84		
Wells Fargo 2s	14.1	43	

...can Nodge 1p...	14	
...ore 1p...	41	-1
...land OH 10p...	25	
...in Exploration...	11	
...ines 1p...	22	
...well 10p...	11	
...en OH 10p...	13	+1
...e Gold...	19	
...es Artisan 5p...	54	

Ex Int'l.....	Y	10	
and Storage Sv.....		219	
yard Leis. Sv.....		16	
on Eyestas. Sp.....	Y	65	+5	
a Expl.....		15	
corp Leisare Sp.....		18	
burgh Hls. 2p.....		35	
ton Expl. Ir 50p.....		36	+1	
Wrecks.....		2	
Garb Inc. 30p.....		1	-1	

Forward Inns.	110	
Min. In 20	21	
car Exon.	32	
model 1p	183	-2
ley Baint 5p	41	
are 5p	70	
rbitt Group 5p	5	
tes Brewery 50p	65	
y Start Hubs 10p	34	

...s West	42	
...s Miss. IrSp	74	
...g (P.E.) Sp	11	
...5p	58	
...ing Leisure Sp	18	+1
...Labs. In	270	
...States 10p	67	
...ay First 1p	54	+1/4
...n Resources	77	

Gold IR 2p.....	38	+3	
rd Virology Sp.....	27		
ilegion Sp.....	77		
den's Harry.....	97	-3	L
amister Sp.....	32		tal
Pickford 10p.....	12		ed
ernova.....	12		
py Kids Sp.....	31		
ard Station 1p.....	14		
.....	31		

Group 10p	34	\$2
Group 10p	180	
Group 10p	56	W
Group 10p	4	
Group 10p	13	
Group 10p	34	

NOTES

dealing classifications are indicated by the following: Alpha, Beta, Gamma, Delta, Epsilon, Zeta, Eta, Theta, Iota, Kappa, Lambda, Mu, Nu, Xi, Omicron, Pi, Rho, Sigma, Tau, Upsilon, Phi, Chi, Psi, Omega. Prices and net dividends are 25p. Estimated price/earnings ratios are based on latest annual reports and accounts. P/E ratios are based on half-yearly figures. P/E ratios are based on a 12-month basis, earnings per share based on a 12-month basis and unrelieved ACT is based on a 12-month basis. The figures indicate 10 per cent or more.

"all" distribution. Covers distribution; this compares gross distribution, excluding exceptional items, to the extent of offsettable ACT. Y is gross, adjusted to ACT of 25 percent. Distribution and rights. Asset Values (NAVs) are shown per share, along with the premium (Pm →) to the current price.

assumes prior charges at the same
warrants exercised if dilution of
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ce reduced, passed or deferred
non-residents on application
report waived
ip like listed dealers over

listed on Stock Exchange and
to same degree of regulation as
fully listed.

vident; cover on earnings up
ment.
s for conversion of shares not
ranking only for restricted di
not allow for shares which m
a future date. No P/E usually
E
Source: Ex. French Exports as

a Treasury Bill Rate stays unchanged. b Figures based on 1990 data. c Cents. d Dividend rate paid. e Coverage based on dividend only. f Flat yield. g Assumed dividend yield. h Dividend yield. i Dividend yield and yield after scrip issue. j Kerosene. k Earnings higher than 1990. l Earnings based on 1990 data. m Dividend yield exclude a special payment.

Dividend cover in excess of 100% based on previous year's earnings. **C** Does not apply to special dividend. **D** Preference dividend paid at minimum tender price. **E** Dividend other official estimates for 1994.

A Based on prospectus or other official estimate.
B Widened and yield based on prospectus or other official estimate.
C Estimated annual earnings for 1990. L Estimated annual earnings based on latest annual earnings.
D Prospectus or other official estimate.
E Widened based on prospectus or other official estimate.
F Figures based on prospectus or other official estimate.
G 1987. **H** Gross. **I** Forecast annual earnings.
J Based on prospectus or other official estimate.

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WG GRACE

Sporting superstar, cheat and shamateur

THERE WAS no-one in the late 19th century who came remotely in sight of his career achievements, let alone his unique standing in the game. So many "firsts" were his... first to score a triple century, first to score a century in his first match against Australia. If one accepts - as one should - that one can only judge a performer by his contemporaries, then WG Grace was the *nonpareil*.

His personal background has entered the mythology of the game: the father a cricket-loving general practitioner on the outskirts of Bristol; the mother a formidable woman who schooled her children in the arts of the game and justly won herself a place in the births and deaths section of *Wisden Cricketers' Almanack*.

But was WG really a "doctor"? Yes, eventually, after 12 cricket-interrupted years at medical school and an MCC testimonial match that secured him a practice in Bristol. As to what sort of doctor, the truth is impossible to determine.

Conan Doyle (who knew WG well) would later write about his "huge frame, swarthy features, bushy beard, and somewhat lumbering carriage," before going on to describe him as "the greatest of the great." In spite of his giant west-England build, there was, as it seemed to me, something of the gypsy in his colouring, his vitality, and his quick, dark eyes with their wary expression. The bright yellow and red cap which he loved to wear added to this Zingari effect.

The cap was an MCC one and almost invariably it perched, tiny and incongruous on his huge head, as he batted, bowled or fielded. But if that aspect was mildly unexpected, much more so was his voice which, with a strong West Country burr, was high, even squeaky, especially when he was excited - which on a cricket field he often was. Of course, it has often been wondered how he managed to keep such a huge frame going through an unprecedented long career, especially from the early 1850s, when he was well into his 40s, weighing more than 18 stone and was becoming increasingly troubled by his knees.

The answer must be willpower and native stamina, never better shown than during three days at Gravesend in May 1856 when, scoring 257 (last man out) and 73 not out against Kent, he was on the field throughout. Some have claimed, perhaps improbably, that he was careful with his diet: certain it is that, during luncheon intervals, he confined himself in terms of drink to a large Irish whiskey with

The process by which sport became a multi-billion dollar strand of the entertainment business can be traced to fin de siècle Victorian England, and to a mighty cricketer, WG Grace. In an extract from his new book, David Kynaston describes sport's first authentic superstar.

Angostura bitters and soda. But whatever his regimen, such cricketing longevity was in great measure a triumph of mind over matter.

It was a mind of character rather than depth. In the oft-quoted words of an old friend, "WG was just a great big schoolboy in everything he did." There was indeed much of the overgrown schoolboy about him: the boisterousness, the enthusiasm, the love of practical jokes, the willingness to engage in argy-bargy, above all the supreme lack of self-consciousness.

He also shared a schoolboy's dislike of soap and water: one wicket-keeper described him as the dirtiest neck he had ever kept behind, and WG expostulated: "We Graces ain't no bloody water spaniels."

At Cambridge one year some prominent cricketers were discussing how to deal with the break-backs of a particular bowler. When eventually they asked WG for his opinion, he simply replied, as if stating an uncontestable truth: "I think you ought to put the bat against the ball." Or again, when it came to teaching his own children how to play, he would just take a bat and say: "This is the way to do it."

Yet the schoolboy analogy has its limitations, for at the heart of WG's character there lay a dichotomy between a general kindness, especially towards the young, and a strong streak of the autocrat, often rather arbitrary in disposition. "How are you getting on? Are they looking after you properly?" he would call out at luncheon to a young player on the visiting side, or "Glad you had that one and not me," would be his invariable and effective words of consolation to one of his young players dismissed cheaply, but towards a Radical in politics, or an umpire who had

given him out leg-before, or a member of the Gloucestershire committee who attempted to interfere in matters of selection, his resentment would be sharp and unforgiving.

The first modern sportsman to be a "superstar," WG handled his novel position in English life with instinctive shrewdness, the very quality that had won him fame in the first place. Nevertheless, the great imponderable remains: was WG a cheat? Anecdote alone points to a conviction. In 1878, against Surrey at Cheltenham, the ball, having been thrown from the outfield, caught in his shirt and he ran three extra runs before he was prevailed upon to stop. Four years later, in a Test at the Oval and with the ball manifestly dead, an Australian batsman went down to pat the pitch only for WG to whip a ball off and secure his dismissal.

In 1893 an umpire again yielded when a Nottingham player played a ball leg-before having made only six. He went on to add a further 384 against the local 22, attaining the highest score of his career in all cricket. Yet it is hard not to feel that, rather than being a systematic or



conscious "cheat," WG was someone so passionately committed to the game, and his success in it, that at times he pushed the parameters of fair play beyond legitimate bounds.

Typically, he always began out-door practice during the bitter winds of March, as captain he would forgive anything but slackness. He also had the inestimable gift of nervelessness. "There is no such thing as a crisis in cricket,"

only the next ball," was perhaps his most famous dictum. It is said that the only time he was seen flustered at the crease was as he waited for the ball that might give him his hundredth hundred.

Important though these things are, they tend unfairly to overshadow WG the daily, functioning cricketer whose burgeoning weight made him adopt a very different approach to that which he had originally employed. A fast-medium slinger became a slow-medium purveyor of assorted wiles, and a fleet-footed, fast-scoring batsman evolved out of necessity into something more immobile and stolid. Such was his robust common sense, allied to seemingly ageless nerve, muscle and eye, that he was able to make and sustain these crucial transitions with relative ease.

WG's bowling from the 1870s was to his contemporaries a source of wonder tinged with amusement. "His success," wrote Lord Harris, "was largely due to his magnificent fielding to his own bowling. The moment he had delivered the ball he took so much ground to the left as to be himself an extra mid-off, and he never flunked a return however hard and low it came."

In the autumn of 1897 the *Sportsman* put forward a suggestion, quickly seen by the cricketing community as entirely fitting: namely, that the annual match at Lord's between Gentlemen and Players, usually held in the second week of July, should the following summer be put back by a few days so that it could begin on Monday the 18th, WG's 50th birthday. At the annual meeting in December of the county cricket secretaries this was unanimously agreed upon, with the added provision that the rest of the first-class fixture list would be kept almost entirely clear so that the MCC committee would have the freest possible hand when it came to choosing the two teams.

The Victorian public had long called WG the Old Man, years before he was, even in cricketing terms, such was the deep-seated satisfaction in the continuing "miracle" of his preservation as a top-flight performer. Now he really would be two score and ten, and the celebrations could begin in earnest.

After a brief, mid-Victorian era of player power, the game settled down into a daily ritual of class-based apartheid. Its forms were manifold and pervasive. Almost invariably the amateurs and professionals changed in separate dressing rooms and came on to the field of play through separate gates - the professionals emerging from a side gate, the amateurs from the pavilion.

The changing facilities for the professionals were often shabby, and *The Times* in March 1898, welcoming the attention given to players' comfort in the new pavilion at the Oval, referred to how "the old professional box tacked on to the Pavilion at Lord's is always an eyesore to many of the Marylebone Club members." At Old Trafford, where a new pavilion was built in 1895, three bathrooms were allocated for the amateurs, one for the

professionals. At luncheon the two classes usually ate separately, while the apartheid extended fully to away matches: first and third-class rail travel, separate hotels. Nor was that all.

Amateurs called professionals simply by their surname, but the professionals would always say "sir" or "Mr." and score cards and match reports followed hierarchical suit by printing the initials of the amateurs, but not those of the professionals. More informally, but still more visibly, there was even a separate sartorial code: the professional wore what had become standard cricketing outfit (all white, no great display of colour), but the amateur was often bedecked in an ostentatious cap and, off the field, a gaily striped blazer. There was, in other words, no mistaking the difference, as indeed there was not meant to be.

Unfortunately for the smooth running of the system there was one snag: though everyone knew that the difference between the two classes of cricketer was in essence one of social background, the trouble was that not all those naturally more comfortable on the amateur side of the divide could afford to obey the ordinance (as resolved by MCC in 1878) "that no gentleman ought to make a profit by his services in the cricket field." In other words, as first-class cricket became an increasingly full-time commitment, with an ever-further county and international programme, so it became very difficult for many amateurs to play in a sustained way solely for "expenses," even allowing for a liberal definition of that often contentious term. The consequence of this was widespread "shamateurism," a covert practice that could not help but fuel much rumour, ill-feeling and controversy. It was a practice that took many forms - gifts, testimonials, season tickets, salaries for pseudo-posts like "assistant secretary" and suchlike - and has been well documented by recent historians.

Moreover, the greatest shamateur of the lot was WG. During the early part of his career he not only played on a paid basis for the United South of England (later the United England Eleven), but in the 1870s also ran it on a profit-making basis, maximising his ability to attract large crowds willing to pay a shilling a head, rather than the usual sixpence, to watch him bat. When he went to Australia in 1873-4 his fee of £1,500 was a staggering 10 times what each of the professionals earned for the tour.

When he played for Gloucestershire he charged a minimum match fee of £20. In 1879 the MCC's testimonial match raised almost £1,500 for his medical practice. In 1891-2 he returned to Australia, charging the tour's patron, Lord Sheffield, the princely sum of £2,000 - again some 10 times the going rate for a professional - as well as wide-ranging expenses for himself, his wife and two children, together with the cost of a locum. Altogether, it has been estimated that WG earned through cricket at least £120,000, which works out in present-day terms at some £70,000 per season.

WG Grace's Birthday Party, by David Kynaston, is published by Chatto & Windus on July 13, price £12.95.

The deposits that become untouchable

STATISTICS ARE too often the stuff of confusion, but this can be especially true in the area of savings. Official statisticians use a measure called the personal savings ratio, which has plummeted in Britain from about 13 per cent to 5 per cent over the past decade: the comparable figure is 12 per cent in Germany and 15 per cent in Japan. The implication, some say, is that the British are shortsighted and improvident, and are badly in need of a few lessons in thrift from friendly advisers such as (pace Nicholas Ridley) the Germans.

When you look at the savings industry, however, you find that it is thriving as never before. Between 1976 and 1989 personal sector financial assets rose from £130bn to £1,055bn. That represents a compound growth rate of 16.2 per cent, and although there is a lot of inflation in those figures, the real growth rate was still 6.5 per cent a year.

These financial assets, moreover, exclude the value of owner-occupied houses, which could be worth over £700m net of related mortgage debt. The British, you could argue, have invested extremely successfully: their pension schemes are over-funded, their lucrative life assurance plans are currently paying out record bonuses, and their homes are self-financing, and more. No wonder the consumer is hard to squeeze.

Such thoughts are stimulated by a strategic review of the UK personal savings market produced by the National Westminster Bank's market intelligence department. David Kern, the Bank's chief economist, has tracked a measure called the financial savings ratio, defined as the proportion of personal disposable income that flows into financial assets. This FSR has actually risen during the past 20 years, from about 13 per cent during the early 1970s to 17 per cent more recently. There is no sign of a savings slump here.

The reason, you will already have spotted, is that one is a gross and the other a net measure. Parallel with the savings boom has been a borrowing binge. The twin elements made the 1980s a tremendous decade for the UK's banking industry, providing enormous growth for banks and building societies both as savers and lending institutions.

In the 1970s, remember, the banks had to limit their lending to an annual target figure. They picked up all the deposits they needed from cheap captive personal accounts (mostly non-interest-bearing current accounts) and the wholesale money markets.

As far as savers were concerned this created something of a vacuum, thanks to which the building societies sharply raised their share of the deposit market up to 1985 by offering reasonably serious interest rates. But since then the banks have moved in with competitive savings products.

The stakes have grown higher here since the public became disillusioned with the stock market after the 1987 crash. Before that, only between 50 and 60 per cent of financial savings flows were going into deposits, but the

The Long View



Barry Riley
When short-term savings take on the role of long-term investments it is wise to expect that the contradictions will eventually have to be resolved

proportion has subsequently jumped to some 75 per cent - reflecting not only suspicion of the stock market but also the sharp rise in interest rates. NatWest's own top rated deposit product, called Crown Reserve, attracted £1bn in its first three months.

Until the past couple of years liquid financial assets have generally been unattractive, because of convenience. In the mid-1970s interest rates were heavily negative, often to the tune of minus 5 to 10 per cent. The fiscal regime has been adverse too, compared with non-liquid investments such as in pension schemes. So non-liquid assets have grown 5 per cent a year faster than deposits in the 1976-89 period.

Financial deregulation has helped to change this, however. The surge of lending has fostered a corresponding demand from the banks and building societies for deposits. This has pushed up real interest rates, a move first presented by the Government as a temporary response to a short-lived boom but now seeming a more permanent feature. The Government is busy improving the fiscal regime for deposits, by abolishing the composite rate on deposit interest and introducing the TESSA deposit interest tax shelter.

Looking to the future up to the year 2010, David Kern sees a continuing enhanced role for liquid assets in the savings market. They will still grow less fast than non-liquid assets, but by a much smaller margin

than 2 per cent a year. Perhaps as a bank economist he would say that, wouldn't he? But there is logic in the argument. Once the Government has permitted a vast volume of almost instantly accessible deposits to build up (some £300bn for the personal sector, equivalent to over 50 per cent of GDP) it must then keep short-term rates very high in order to make sure those deposits are not spent.

Then, as high interest receipts accumulate on a compound basis, the growth rate of liquid assets will be very high. Such a pattern could easily make monetary control more difficult and could prove dangerously inflationary. But the more intriguing question is how these trends could survive entry to the ERM, let alone the European monetary union. Take away the currency risk and borrowing long in D-Marks to invest in short-term sterling instruments would become a painless way of making instant profits. Karl Otto Pöhl of the Bundesbank would indeed soon be over to tell the British that a yield curve ought to slope the other way - that is, investors must be prepared to commit themselves to a term of several years in order to receive an attractive interest rate.

The bankers at NatWest can dream, if they like, of a deposit-filled future. But I guess that the British banking system will not in practice be given such a free rein in this decade as it was in the last.

CONTENTS

Finance: Barry Riley charts the charts	III	Food and Wine: The wines of Montalcino and Montepulciano	X
Perspectives: Tom Fort looks for a bite in Transylvania	VIII	Gardening: Robin Lane Fox on the mystery of green fingers	XIII
How to Spend It: The renaissance of British couture	IX	Travel: India in Focus	XIX-XXI
Arts: TV-VHS	Chans	Food: X	TV and Radio: XXII
Books: XV	Crossword: XIV	Gardening: XIII	Travel: XIX-XXI
Bridge: XVI	Patience & the Family: XVII	How to Spend It: IX	Sport: XXIII

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

The future, as seen in the charts

Barry Riley reports on how the chartists view the future direction of the UK stock market. Plus Sara Webb with options for Globe Investors. Page III

Advice for amateur analysts

How can small investors gain access to the kind of corporate information that the institutions use? Chris Hession reports. Plus how Midland aims to change the banking world with its Firstdirect telephone banking service, and a timely reminder for water investors. Page V

Get away from the taxman

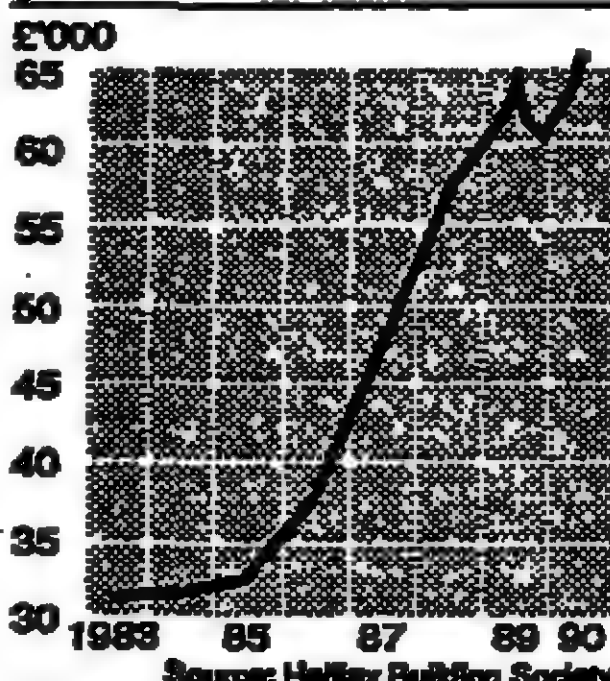
Donald Ellis gives a general guide for would-be and first-time expatriates. Page VI

Minding your own business

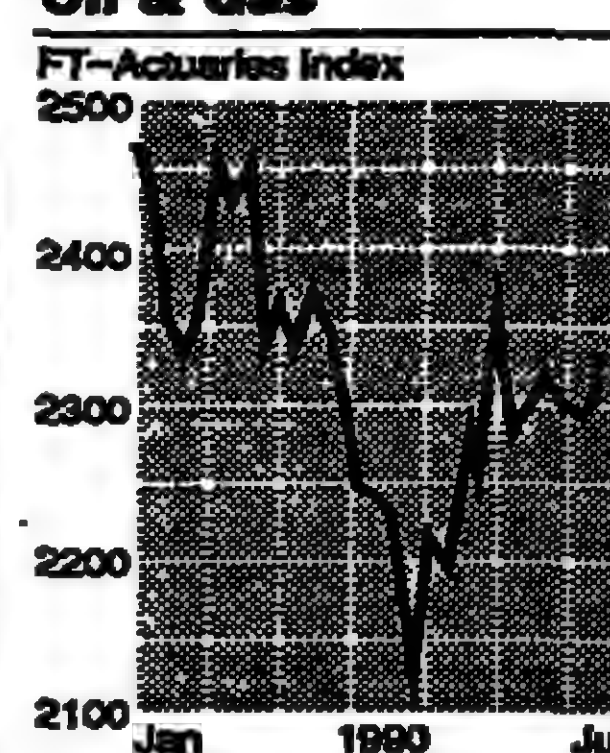
Greg grows exotic mushrooms, Joy wants to set up a golf course. Andy believes his invention will revolutionise the plastics moulding industry and Nuala, with her flair for marketing, turned over £560,000 in the last year selling computer equipment. But what do they have in common? Roy Hodson reports on a business course for high-fliers. Page VII

BRIEFCASE: Trust for a grandchild - Page VI

Average house prices



Oil & Gas



Slight rise seen in house prices

House prices in the UK rose by 0.3 per cent last month, providing a faint glimmer of hope of a recovery in the housing market. According to the Halifax building society, house prices have risen by 1.5 per cent since the start of the year. Prices are still rising in the north of England and Scotland, but continue to fall in the south of the country. The Halifax said it expects to see a limited fall in UK house prices, mainly in the north, during the rest of this year. It does not expect house prices to recover until mortgage rates start to come down, probably next year. Much of the activity in June has been due to first-time buyers entering the market. Prices for first-time buyers have risen by 1.4 per cent in the last year with the average price paid for a home now just under £52,000. Sara Webb

Oil prices rally after output deal

The downward pressure exerted on crude oil prices for much of this year was eased considerably this week: prices rallied after the United Arab Emirates agreed to reduce output following a meeting with King Fahd of Saudi Arabia. OPEC ministers are scheduled to meet on July 25. Oil and gas shares, tracking the trend in sterling oil prices, have been hit by the rise in the pound. This week brought a series of substantial profits downgrades in BP and Shell from influential broking firms such as Smith New Court, Nomura and Hoare Govett but share prices preferred to respond to the message from the crude oil markets. Kleinwort Benson is bullish on the oils. "We may have seen the bottom of the oil price and the oil sector," said Kleinwort's Philip Lambert. Other oil sector specialists preach caution - "the oil company reporting season in August will not be good," said BZW. Stephen Thompson

Prudential to close 175 estate branches

Prudential Property Services, the estate agency arm of the Prudential group, is closing 175 of its branches in order to cut losses. High interest rates and the fall in house prices have greatly reduced commissions for estate agents in the UK. The Prudential owned the largest estate agency chain in the UK, but the cuts will mean it now ranks fourth in size. The Prudential will be left with about 500 branches. Most of the cuts will be in areas where there are already too many estate agents or where prospects of recovery are weak. The group said that it would transfer its property listings to the nearest branch wherever possible. S W

Whittingdale launches money market fund

Whittingdale, unit trust managers, is launching a money market fund next week, offering an annual income of 15.2 per cent gross. Income will be paid once a year, net of income tax, but non-taxpayers will be able to claim the tax back. The City Reserve Fund is an instant access fund aimed both at private investors and companies. The minimum investment is £10,000 and there is an annual charge of 0.5 per cent. S W

Footsie takes dislike to Thatcher's friends

THIS COULD be the career move Nicholas Ridley has been longing for. Forget Cabinet status or the chance to act as an official Government adviser: those positions have lost their old prestige and influence.

These days only one Prime Ministerial invitation makes the hearts of ambitious politicians and economists beat faster: to be truly unassailable you have to become a family friend of the Thatcher.

The financial markets must be hoping they never come across the Thatcher family's enemies, given the unsettling effect on equities and sterling of Sir Alan Walters' latest book, and the trade secretary's measured analysis of European unity.

The potent and unstable Ridley/Walters combination aggravated technical factors in the equity market. For example, on Wednesday, the leaking of Sir Alan's caustic comments on possible British entry of the

exchange rate mechanism of the European monetary system, combined with profit-taking in the currency market to drag sterling back from close to DM3. That set off a ripple of buying interest in equities (some investors thought the squeeze on exporters was relaxing), market-makers were caught with too little stock and Footsie surged 33 points on the day.

The official Treasury line on Wednesday - that Sir Alan was a private citizen entitled to his own views - was no doubt delivered through gritted teeth. Sifting out the real economic news has proved more difficult.

Yesterday's retail price figures for June were actually slightly better than expected, although the rate of inflation climbed from 9.7 per cent in May to 9.8 per cent last month. But equity investors must have considered that technical factors had already pushed Footsie up sufficiently for the week and the index rose only 11.7 points on

the day. Footsie's 42.2 point increase since last Friday's close looks a fair reflection of the week's news, even if it was reached by a roundabout route.

The market has been held back somewhat this week by analysts' caution about company earnings. They have continued to reduce their forecasts for this year's corporate profits. Predictably, the downgrading has hit retailers and construction companies, forecasts for oil companies such as Shell and BP, affected by a weakening oil price in the first half of this year, were also trimmed back.

So far, so logical. But the strengthening pound is now prompting some analysts to question the virtues of overseas earnings. That can only confuse those shareholders who, until recently, were being urged to invest in companies with strong earnings outside the UK for shelter against domestic recession.

HIGHLIGHTS OF THE WEEK

	Price	Change	1989	1990	
	July	on week	High	Low	
FT-SE 100 Index	2382.2	+42.2	2463.7	2103.4	Squeeze on marketmakers
Aktia Bros	180	+40	200	130	Bid approach
Arva Petroleum	28	-13	47	24	Disappointing drilling report
Bank of Ireland	220	-19	286	214	Irish broker downgrades forecast
BP	326	+18½	362	302	Oil price optimism/OPEC meets July 25
Carlson Connors	480	-85½	510	432	Brokers' 'sell' notes
Connell	140	+21	205	118	Revived bid speculation
Fuller Smith & Tye A	410	+37	415	385	Thin push purchase
Granada	220	-30	357	200	Leisure sector depressed/BSB costs
Hawker Siddeley	548	-62	741	531	Profits warning
Micro Focus	603	+95	603	446	Schwabers' 'buy' recommendation
Musterlin	50	-54	175	50	Warning of first-half loss
Scottish Heritage	78	-27	120	78	Profits warning
Spyhawk	288	+44	358	96	Bid speculation persists
Traveller House	276	-34	382	264	Brokers cut profits forecasts

PERHAPS the British Prime Minister should send a note of gratitude to Alan Greenspan, chairman of the US Federal Reserve, for helping sterling survive the outburst by her Trade and Industry Secretary. The Dow Jones Industrial Average, which vaulted to a record high on Thursday, was not the only beneficiary of the Fed chairman's timely hint that the central bank would allow US interest rates to fall to offset a credit contraction by the troubled US banking sector.

Sterling had plunged after the publication of trenchant anti-German remarks by Nicholas Ridley on Thursday and the ensuing European political storm, but recovered smartly as the dollar plunged on the prospect of lower US interest rates.

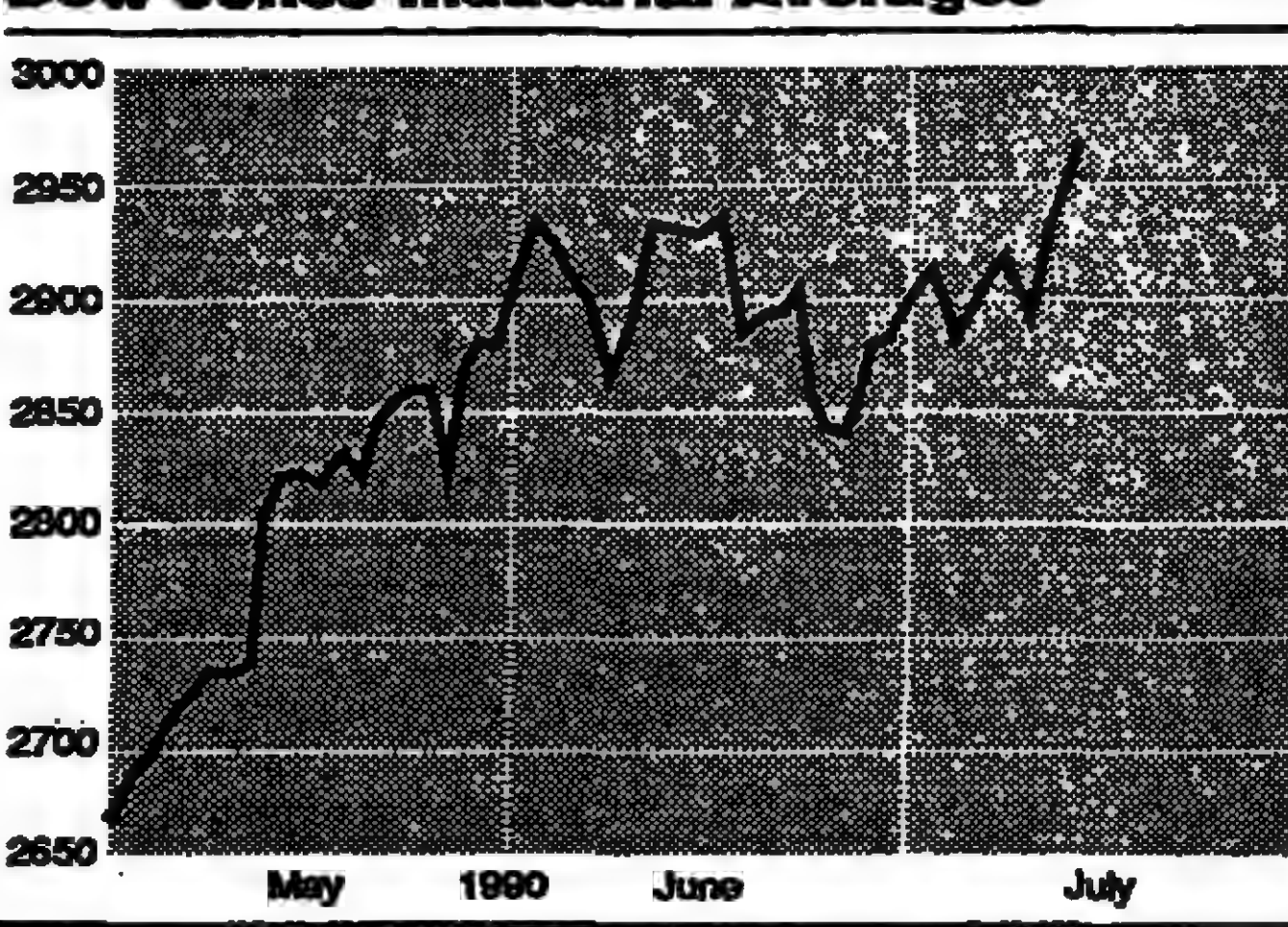
A great deal can happen in three weeks. On June 25, Margaret Thatcher uncharacteristically held her peace as European Community leaders committed themselves to beginning negotiations for EC political and monetary union. After Ridley's outburst, that attempt to appear pro-European carried less conviction.

Three weeks ago, Greenspan and his colleagues at the Fed continued to maintain that there was not much evidence of a credit crunch in the US economy but that was before the reversal of President Bush's "no new taxes" pledge on June 26.

Thursday's statement by Greenspan that the Fed was poised to ease monetary policy in response to a credit contraction seems to be part of a deal with the Administration: if President Bush were to concede the principle of higher taxes, the Fed would allow interest rates to fall. Stock investors have been hoping for an easing in inter-

Towards the 3,000 barrier

Dow Jones Industrial Averages



est rates all year and this is what they think they have now got. The surge on Thursday to a record high of 2,969.30 was not the result of programme trading or speculation but of solid buying.

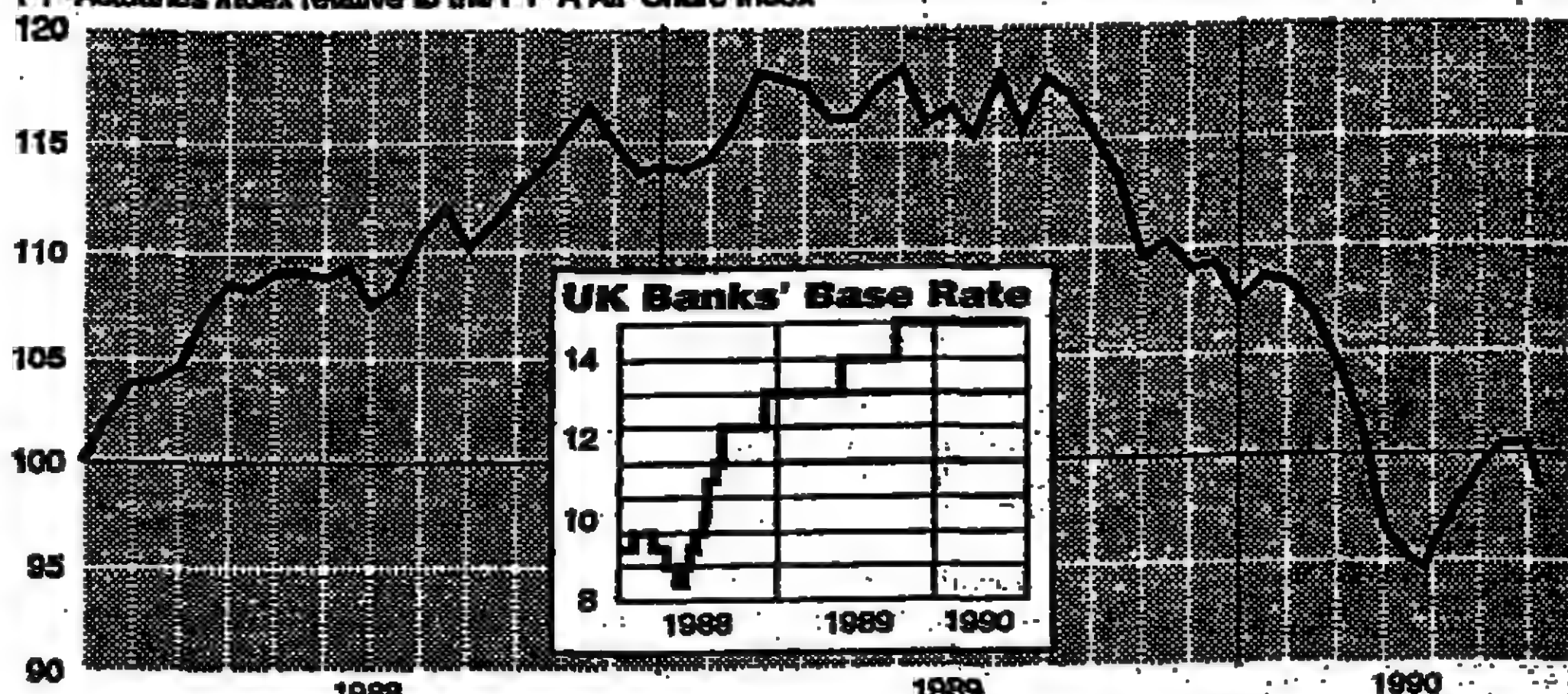
The rally in blue chips this week has not been isolated. Other broad market indices are now also close to their record highs. The Standard & Poor's 500 index closed on Thursday at 385.60, very near to its peak of 387.40 on June 4, and the New York Stock Exchange Composite closed the session at 199.32 compared with its peak, also on June 4, of 200.51.

The equity market now abounds with predictions that the Dow Jones Industrial Average will soon reach the magic 3,000 level. But what happens after the 3,000 level is achieved matters more.

There are two main uncertainties. The first is monetary and fiscal policy. Greenspan took care to explain that a general monetary easing would be designed to offset the tightening effect of commercial banks' reluctance to lend. That suggests that a quarter point fall in the Federal Funds rate would do no more than restore previous

Leisure

FT-Actuaries Index relative to the FT-A All-Share Index



Bulls of the equity market believe the doubters are overreacting to the currency squeeze on exporters and overseas earners. After all, they say, it was only after Nigel Lawson's resignation last October that sterling slipped below DM3. That analysis does seem to ignore Mr Lawson's strenuous efforts to avoid such a decline - much criticised at the time - but their warning about short-term switches of investment strategy is fair.

Without actually intervening in the currency market, John Major is doing almost as much to push the pound up as his predecessor was doing to support it. It is difficult to say what would happen were the ERM and interest rate rhetoric removed.

There have been more concrete reasons for bearishness this week, particularly among leisure stocks. The symptoms of difficulty in the sector were displayed by Granada, the television, leisure and services group, and Rank Organisation. Granada's shares slipped 6.5 per cent on Wednesday and dropped 30p on the week to 220p after the group announced a 12 per cent drop in its interim profits. The company mentioned problems in all its main divisions, from weak TV advertising revenue, to difficulties with integrating recently acquired computer maintenance businesses.

More worryingly for Rank, which is poised to acquire Mecca Leisure, Granada pointed out there had been a

fall in admissions to its bingo halls because of the squeeze on consumer spending. Rank's cautious trading statement on Thursday simply underlined the sector's difficulties, although it accompanied a 24 per cent increase in profits to £138m for the half-year. Its shares finished the week 6 per cent lower at 78p, as analysts continued to fret about the double impact of January's rights issue and the all-paper consummation of the Mecca offer.

Rank's mealy-mouthed statement on Thursday ("it remains unlikely that [Rank's] prospects can be entirely unaffected by current economic pressures"), combined with a profits warning from another Footsie stock, the engineering group Hawker Siddeley, to take the shine off equities. At one point, the FT-SE index was only 10 points ahead, a prelude to a more cautious day's trading yesterday.

Examining Hawker's entreaties actually revealed less about the general difficulties of the engineering sector than some analysts might have hoped. The profits warning focused on the problems arising from cost-overruns on power station contracts in the US, rather than any real malaise caused directly by domestic recession.

Insurers are skimming down and raising money for more difficult times ahead. Legal and General, announced the sale of its subsidiary Victory

Reinsurance for £125m on Monday, while the Prudential has removed several links from its chain of estate agents, closing 175 out of 675 branches. Then on Thursday, Sun Life Assurance unveiled a rights issue to raise \$67.5m for future development.

As a coda to last week's squealing by suffering retailers, three stores groups summed up the good-times and bad times at their annual meetings.

Bar the usual complaints about, say, the checkout system at the Orpington branch, Lord Sainsbury had a comparatively easy ride at the empire market chain's meeting on Wednesday, and promised continued expansion. And the following day, Lord Rayner was able to announce his forthcoming retirement as chairman of Marks and Spencer on a high note, an unusual feat for a retailer in this economic climate.

But Thursday's sign of storehouse was truer to current retailing form: the ailing BHS and Habitat group warned that it might have difficulty matching last year's first-half profits. Retirement to warm shareholder applause looks like a privilege which will be denied to Sir Terence Conran, now a more non-sensitive director of the group he once chaired.

Nicholas Ridley - who also looks to have forfeited the chance to retire gracefully - may sympathise.

Andrew Hill

JUNIOR MARKETS

Two flotations add colour

THE NEWEST companies in the space to join the unlisted securities market would be colourful at the best of times.

Their appearance is all the more exotic given the drab state of the new issue scene on the unlisted securities market. In the first half of this year, more than twice as many companies left the USM than joined it. And a recent survey shows that many entrepreneurs want to sell out or retire for a full listing rather than join the USM.

The applications by Standard Platform Holdings and Camborne Industries will not redress this situation as the USM's image is rarely improved by the arrival of a clutch of risky, fledgling companies. Nonetheless, their prospectuses are likely to make interesting reading.

Standard Platforms is a small computer software company that expects to make a loss this year and is raising just £2.2m. However, it is poised to put itself in the record books at the end of this month by making the first flotation to take place simultaneously on the USM in the UK and on Nasdaq in the US - something it describes as a "mini-global" placing.

The purpose of the dual flotation - which will cost about £200,000 - is twofold, according to Mr Kelly Fritz, a broker at the sponsors, Rickett & Co. For one thing, it may improve the liquidity of the shares, given that a total of six market makers are handling the shares. For another, it will provide useful publicity in the US.

Standard Platforms, which gets its name from the industry jargon for a computer workstation, is a Lancashire-based concern that has been trading for two years. Its specialty is software for the storage and rapid retrieval of information. It now reckons that its best bet is to expand into the US medical records market.

Camborne Industries will be an even rarer recruit to the market, although it too has a link with North American stock markets. It is a start-up company that has dreamed up Norwin, a cheap alternative to solid stainless steel, made by bonding a stainless steel skin to a carbon steel core. Camborne reckons that its product, which has good anti-corrosive qualities, will find a market in offshore oil, food, drink, chemicals and pharmaceuticals industries.

The technology was devised by Count Cecace, an Italian steel industrialist of the 1960s who financed and established steelworks in Zimbabwe and Nigeria. His son, Ning, developed the process in South Africa and won patents on the process in 1975. The economic

problems in South Africa and an abortive John's venture delayed progress until 1988, when they signed a deal with an Italian steel distributor.

The search for finance took them to the Vancouver Stock Exchange, a market better known for speculative mining issues. In 1989, they raised £69.9m (£4.75m) to start production. Neishi South Wales, as chosen to commission a factory, signed a contract with the Welsh Office later last year.

Camborne now reckons it needs more funds to start production and introduce technological improvements. It has picked on the USM this time around at the suggestion of some of its investors who indicated they would welcome a market for their shares in the UK.

Camborne reckons its ability to produce clad stainless steel on a commercial basis is unique. Other producers have come unstuck in this exercise, thanks to high production costs, it says. The snag is that Norwin's original patents will expire during 1990 and although the company has filed new applications to update the method and technology, it is not clear that the process is well protected.

The company lists under its risk factors the point that the existence of patents does not, in itself, ensure the exclusivity of the process or the high price of stainless steel could tempt other players to adopt the idea. Camborne is likely to come to the market in early August through a placing headed by Albert E Sharp.

Small as they are, these two companies represent a slender proportion of the new stock on the USM this year. KPMG Peat Marwick McIntosh has estimated that just 17 companies joined the market in the first half of the year, compared with 39 and 52 in the comparable periods in 1988 and 1989.

In contrast, some 51 companies have floated on the main market this year. The increase to the 29 that floated in the same period in 1989. That, Peat Marwick says, confirms the view that companies are opting for a full listing rather than the USM. This conclusion tallies with the findings of a survey carried out by Baker Tilly, chartered accountants and the USM Magazine. It found that only one in eight entrepreneurs wanting to realise shares was seriously planning for a USM flotation.

Enthusiasm for the USM has been dampened by the introduction of rules for full stock exchange membership, concerns over the trading volume of USM stocks and the phasing out of the Third Market.

Vanessa Houlder

Companies which profit from burglars' bill

PILFER & HEIST plc, the diversified crime business, is having a splendid year. As high interest rates bite, crime is booming.

But although small investors frequently condemn them as crooks, financial advisers have yet to devise a pep to cash in on the niche business of safe-blowing, and enterprising burglars have not sought USM quotations for their illicit activities.

That leaves investors looking at the other end of the same market: quoted security companies. As crime increases, insurance companies are getting stricter about the level of security needed before they will provide cover, particularly for the commercial sector. That generates business for manufacturers, distributors and installers of security equipment.

The downturn is also good news for companies which provide security guards, such as Securigard, which reports figures next week, and Reliance Security Group, a USM company which announced a 31 per cent increase in 1989-90

pre-tax profits on Monday. Their shares were hit last year by concerns that increases in wages - their largest operating cost - were far outstripping inflation. But since then, customers squeezed by high interest rates have been forced to cut their own security staff and have started sub-contracting to manned-security companies instead.

It is difficult to generalise, partly because most security companies have strong non-security activities - from Securigard's parcel delivery operation to ADT's vehicle auction division. But Ruth Keatch, an analyst with Schroder Securities, is confident about the ability of such stocks to outperform the market in bad times. "The industry as a whole has generally resilient qualities. No company is immune to downturn, but security systems groups and guarding companies grew throughout the last recession," she says.

London-quoted security companies - particularly the largest - are taking advantage of the fragmented industry in the UK and continental Europe,

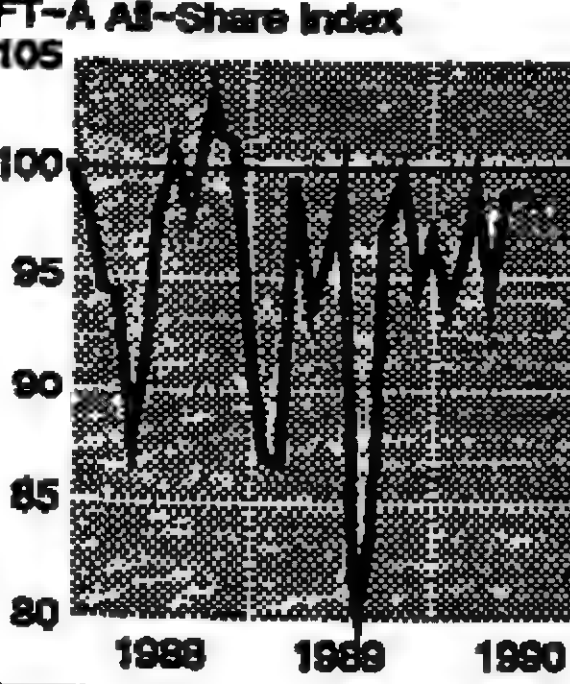
still far behind the US both in terms of the technology available and the number of systems installed.

Not that investment in the security industry is a one-way bet. Being in a growth sector does not protect businesses from the strains of high interest rates - indeed the potential for growth has tempted some security companies to overstretch themselves. Earlier this year, for example, Britannia Security Group, an alarm installation company, was snapped up by ADT, the world's largest security group, after borrowings rose and profits slipped.

Others find themselves shackled to falling demand in the residential market as the volume of new homes being built declines. Tunstall Group, one of the manufacturers, has seen its share price sag from a high of 47p before the 1987 stock market crash to 14p this week, in the aftermath of an abandoned management buy-out. Investors seem to have been put off by its links with the delicate sheltered housing market, for which

Automated Security

Share price relative to the FT-A All-Share Index



Tunstall provides monitoring and alarm systems.

By contrast, fellow manufacturer Scantronic Holdings, which unveiled a 48 per cent increase in annual pre-tax profits this week, has very little exposure to the residential sector. Chris Brookes, its chief executive, says it is the smaller, unquoted alarm manufacturers which are going to the wall as the housing market collapses. Ruth Keatch favours the

manned-security, manufacturing and distribution companies over those involved in installing and monitoring systems such as Bermuda-registered ADT and its arch-rival Automated Security (Holdings), which controls Modern Alarms and Lander Alarms.

"The UK market for installers is quite well tied up now. ASH cannot make any move so it is having to look into new markets where it won't realise economies of scale immediately," she says.

The giants of the industry may find it easier to look outside the UK for growth opportunities. Both ADT and ASH are strongly positioned in the global security market. The bulk of ADT's security operations has always been in North America, and ASH made its first big acquisition there last year, buying a Californian central station alarm business for \$105m (£55m). ASH has also underpinned its position in the UK market with a network of shareholders, although all involved claim they operate an "arm's

length" trading relationship. It owns 27.5 per cent of Scantronic, and Scantronic and ASH each owns 50 per cent of Gardiner Group, a distributor of security products which also reported a strong profit increase last week.

If there is a danger for UK-based security groups, it may be smugness. Some observers believe US security companies could expand quickly in Europe, and other British companies are also moving into this lucrative sector.

Last year, Exanet International, one dependent on building products, wood and won Radionics, a US security components manufacturer. British Telecom also has a fast-growing subsidiary, Telecom Security, now providing alarm services to the mass market using existing telephone lines. Such a hefty competitor could provide a genuine challenge in the UK for large alarm installation and monitoring groups, but it will be some time before it dents the continued growth of Pilfer & Heist.

Andrew Hill

FINANCE & THE FAMILY

Barry Riley consults the market oracles and hears a variety of predictions Prophets of profit and loss

DOWN IS good, up is better still, but sideways is very tiresome. At least, that is the view of the chartists, those "technical analysts" who seek to pick out money-making opportunities from graphs of share prices, currency rates or commodity values.

Take the UK's FT-SE 100 index. The Footsie has swung between approximately 2100 and 2400 three times in the last 15 months or so. On Wall Street the Dow Jones Average has hit the occasional new high, as indeed it did this week, but has been unable to carve out a convincing bull market, being comparatively little above last autumn's levels. Indeed the FT-Actuaries World Index has meandered around in a very gently declining trend, falling 7 per cent in dollar terms so far this year.

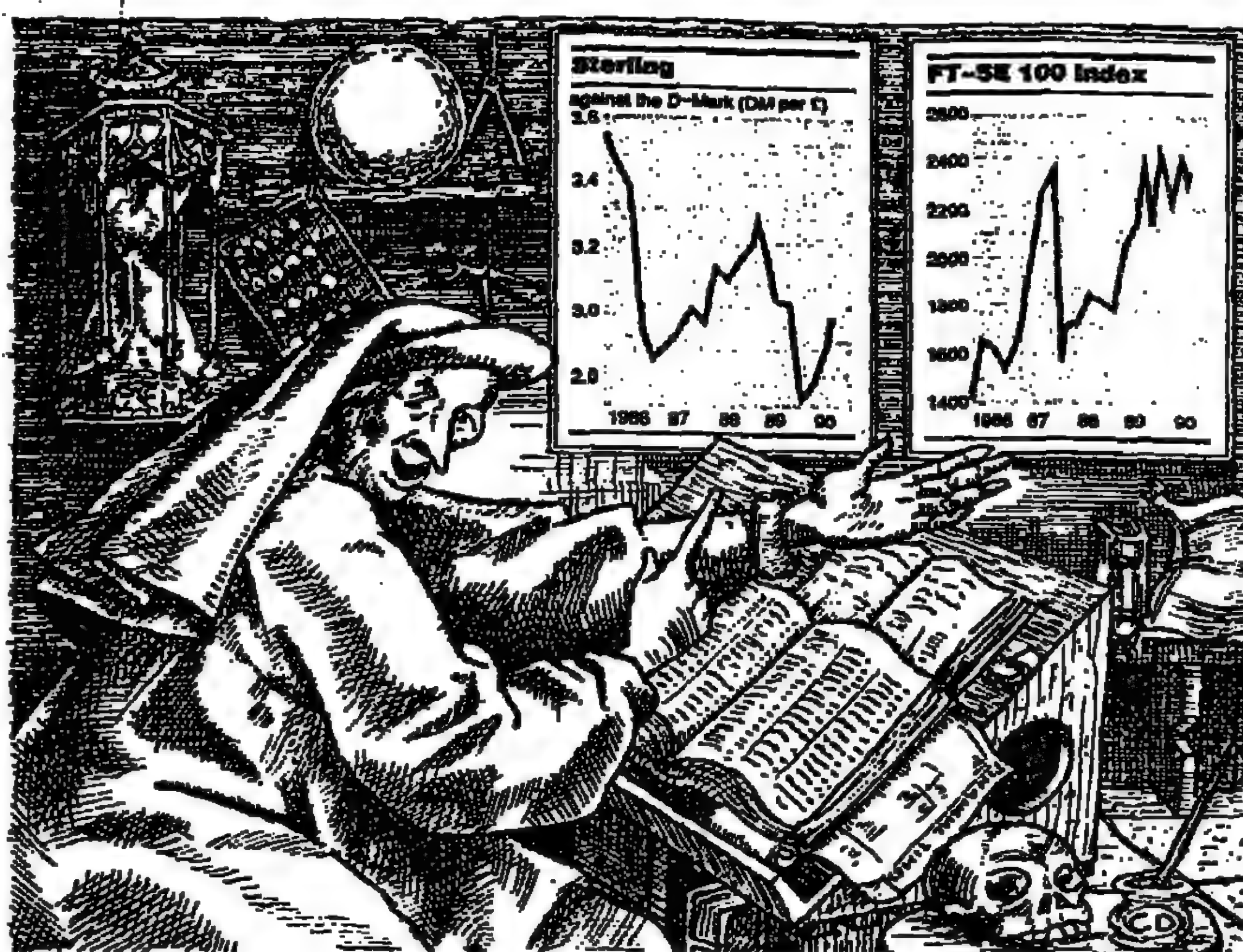
The killer, perhaps, was gold, which late last year and early in 1990 appeared to be tracing out the early stages of a promising bull market, having rallied from \$350 an ounce to around \$420. Then in February and March it abruptly flopped leaving a good many technical analysts floundering in its wake. Gold was this week trading at a little above \$350.

By and large, the chartists now tend to be bearish about equities, but they are warning a bit. David Fuller, for instance, who is chairman of the independent firm Chart Analysis, telephoned back yesterday afternoon with a significant change to the bearish stance he has maintained since last September.

He has now turned bullish about stock markets for the time being. "There's a probability that many stock markets will break up out of their trading ranges, but my feeling is that it won't last beyond a number of weeks," he says.

Fuller cites three bullish factors. Not only has the UK market failed to maintain its downward break, but his firm's World Indicator is set to give a "decidedly bullish" reading at its next weekly calculation on Monday. Finally, Alan Greenspan gave a positive signal on interest rates last Thursday.

Looking beyond the rally, however, Fuller believes the interest rate trend will prove



to be disappointing. "I don't think it's sustainable," he insists. "It will only delay the next serious reaction."

Over at brokers James Capel, Robin Griffiths has some good predictions to his credit this year. He was on the ball in anticipating the scale of the bear market in Tokyo in the first quarter, and he neatly turned bullish about UK equities at the beginning of May. But he warned in a client circular at that time that he was not a long-term bull, and by July trouble might be brewing.

In the event, he is only modestly bearish at present. The Footsie, he remarks, "looks like it will drift off. I'm bored rather than excitedly bearish." Griffiths is impressed by the power of the 2400 top, which in fact is the same level at which the market peaked back in July 1987.

"If you could break that high and confirm it, you would have a very important bull market move," he says. "But we may not get it."

Elsewhere he sees another downward leg coming in

Tokyo, and as for New York, the Dow ("the rogue one") could still go to 3200 but that would be "the blow off at the top of the rally."

Another independent chartist, Richard Lake of World Stockmarket Analysis, is feeling "quite concerned about the

'If people think we are going to see a quiet summer they will be surprised'

Footsie but is not prepared to call a major top. He describes the current market as "a fall to 1800 - a decline of nearly 25 per cent - as 'irresponsible'." The action could be seen in individual stocks and sectors rather than the market as a whole. Lake is bearish about oils and banks, for instance.

He adds intriguingly: "I can promise a lot of action this year. If people think we are going to see a quiet summer

they are going to be surprised. But it may be more in stocks than in markets." As for the Dow, "it might reach 3000."

Joining the bearish line-up is another independent, Brian Marber. "The market's going down," he proclaims. "It will test the lows of October and April." Once it gets below 2250 it will be heading, he says (irresponsibly or not), for 1800.

But like David Fuller he is nervous about the UK market's resilience this week. He may modify his position slightly should the FT-SE 100 manage to hold a closing level above 2375 during the near future, in which case it would, he says, negate a recent head-and-shoulders pattern. Even so, he will not be turning long-term bullish.

The American stock market, Marber thinks, is probably topping out, and as for Japan, "I don't like the look of Tokyo at all."

So are the technical analysts all basically bearish? Not quite. At Kleinwort Benson, Nick Glydon unequivocally thinks UK equities are in a bull mar-

ket. True, they have to penetrate that intimidating 3400 resistance level "but given the volume of money which is sloshing around that won't be a problem."

He says a move to 2400 would be "incredibly bullish," and could foreshadow the achievement of the 3000 level by the Footsie index within a period of six to nine months. Nor does he see any sign of a top for the Dow, which he is projecting to 3200.

But Glydon's confidence about the UK stock market contrasts with his diffidence about sterling which has had such an intriguing run in the past few weeks. "I haven't a clue," he refreshingly admits. Instead, his current foreign exchange play is to sell the dollar and buy the yen.

David Fuller broadly agrees with him on the two currencies. "The dollar is quietly eroding, and the yen is in the early stages of a major recovery," he judges. He is not short of a view on the pound either. "This sterling rally has boiled over," Fuller pronounces. "We have seen at least 50 per cent of what we are going to see. It will settle back."

On currencies, try another pundit and you are likely to get another opinion. Richard Lake says that sterling has been his number one for several months. "It's going to be the best currency for a very long time," he would not be surprised to see the pound at \$2 in due course, although sterling may be temporarily overbought at near \$1.65 and "Dm3 may prove to be a killer for a while."

Brian Marber says he switched his own firm's money into sterling at \$1-\$1.64 at the beginning of the year and changed it back to dollars at \$1.75 at the end of last week. He thinks this will prove to have been intelligent on a three-month view, and he believes that sterling has also topped out against the D-Mark for the time being. But Marber does not share the enthusiasm shown elsewhere for the Japanese yen.

At James Capel, however, Robin Griffiths is happy to stick with the good old pound sterling. "We don't yet see a top," he says.



John Szymanski

more UK-oriented trust such as British Assets, which is 75 per cent UK and on a 13 per cent premium.

"Globe had its risk element that these others do not. To match this, you could invest in Electra which has about 70 per cent in unquoted companies, a 14 per cent discount, and which is a very good trust."

Hamish Buchan, County NatWest

"Globe had a slight bias towards the UK, with some international and unquoted shares too. If you only had 2,000 Globe shares, I wouldn't buy a cocktail of trusts because of the costs."

"You could choose F&C (which has a better track record but a yield of 2.2 per cent), Edinburgh Investment Trust (arguably the nearest to Globe in geographical spread and a similar yield of 4.1 per cent), or Scottish Mortgage. These have different management styles."

"If you had say £10,000 in Globe shares you could spread your investment as follows: £1,500-£2,000 in a trust with a high proportion of unquoted shares such as Electra, £4,500 in a UK specialist trust like TE City of London, and the balance in overseas trusts."

Sara Webb on the options for investors in the investment trust Globe loses its battle — but it's not the end of the world

AFTER resisting the British Coal Pension Funds' £1.1bn bid for several weeks, Globe Investment Trust decided to recommend most of its shareholders to accept the 20p per share offer on Thursday.

BCPF had already acquired a controlling stake in Globe, but Coal Funds need to acquire 93 per cent of the shares in Globe before it can automatically take complete control of the investment trust. So what can investors do?

Investors who are considering remaining minority shareholders in Globe on the chance that the funds may not succeed in buying 93 per cent of Globe's shares should bear in mind that they could find it difficult to sell their shares later. Investment trusts which have large majority shareholders tend to fall to a large discount. Globe shares can still be sold via BZW, the broker acting for BCPF, for 20p, or you can opt for loan notes or shares in an index tracker fund.

In the last week, however, several fund management groups have joined the battle for small investors, offering to buy Globe shares in exchange for units in their own trusts.

For example, Legal & General is offering 20p per Globe share plus the 4p dividend provided Globe investors switch into L&G's equity trust. The offer is for minimum batches of 500 Globe shares.

L&G hopes to buy 20m Globe shares and then resell them to Coal Funds. L&G's equity trust ranks 23rd out of 61 funds in its sector over 10 years, with £1,000 growing in value to £2,579. If investors accept this offer, they might still be liable to capital gains tax. Also, the

offer is not really worth 21p per share because if you were to immediately sell your units, they would be worth less than 20p per unit. Phone 077-528-6793 for information.

Gartmore is offering a 4 per cent discount to Globe investors on four of its unit trusts: the Frontier Markets trust, which ranked sixth out of 116 funds in its sector with £1,000 increasing to £1,388 over three years; the Pacific Growth trust, which topped its sector over five years with £1,000 growing to £2,701; the British Growth trust, which came 23rd out of 142 funds in its sector with

'Investors could find a similar investment trust to Globe'

£1,000 increasing to £1,043 over three years; and the Practical Investment fund which invests in investment trusts and came first out of only five funds in its sector over 10 years with £1,000 growing to £5,714. Further information is available from Gartmore on 0800-289-336.

Schroder also is wooing Globe investors. It plans to launch a global equity fund in August and will waive the 5 per cent front-end charge for Globe investors. Details on 071-383-5800.

There is, of course, no reason why Globe investors should opt for a unit trust. In fact, they could come quite close to finding a similar sort of investment trust to Globe. Finance & the Family asked a group of investment trust analysts to

suggest alternatives to Globe, which would reflect its composition as closely as possible.

John Szymanski, Warburgs

"Foreign & Colonial may be the flagship of the investment trust industry now, but as less than 50 per cent is invested in the UK it cannot be put in a personal equity plan (PEP) - unlike Globe."

"Fleming Mercantile has got 70 per cent in UK and around 13 per cent in various unquoted companies. But they don't tend to pursue such an aggressive unquoted policy, so I would top up with small amount in Electra."

"Fleming Mercantile's dividend yield is almost identical at 3.4 per cent, good track record, also a 19 per cent discount which compares very favourably with Globe."

"Edinburgh Investment Trust is 70 per cent UK and has a very good performance record. There is a 15 per cent discount, but it does not invest in so many unquoted companies, so you could combine it with Electra."

Laurie Petar, UBS Phillips & Drew

"F&C is the best of all the general trusts and extremely well run. Others include Scottish Investment Trust and Edinburgh Investment Trust. Small investors should stick to large trusts."

"Witton and Edinburgh have good aggressive dividend policy. Discounts are already pretty low, there's quite a bit

of cash to come into the trust market, so I don't see discounts narrowing much further. I wouldn't recommend getting into a trust if the discount is below 10 per cent."

Graeme Caton, James Capel

"Globe investors should keep to a generalist trust. F&C is the largest, best-performing. The Globe bid has led to a narrowing of discounts, which now are at an average of 14.1 per cent for the sector - a 25-year high. Globe investors might be interested in Alliance Trust: British Coal has a 12 per cent stake in it so there could be a bid, but the performance is not there."

"Otherwise, if you want to mirror Globe, you could choose Scottish Eastern (which is 58 per cent in the UK), Edinburgh Investment Trust (62 per cent in the UK and very similar re Europe, Japan and US investment with a yield of 4 per cent). Edinburgh has outperformed Globe and has a 15-14 per cent discount whereas F&C has a discount of 13 per cent. But I would hold off before buying any of these as the sector is overvalued and you can get a good return on cash waiting for discounts to widen."

Pam Sawyer, BZW

"Globe had 34 per cent of its portfolio overseas whereas both F&C and Alliance Trust have a higher proportion overseas. Fleming Mercantile tends to invest in smaller companies, and has a 19 per cent discount. You could get F&C plus a

Anglia fails to make a profit. PIBS would probably not pay out. If there was a financial markets catastrophe and Nationwide Anglia folded, PIBS holders could not have the deposit insurance protection of other savers and could end up out of pocket.

"My advice, when the time comes, will probably be that if granny has £25,000 to save, she might put £5,000 into PIBS but not more because of the slight risk element to them." one merchant banker said. "The really interesting question is whether or not institutional investors have any appetite for this sort of scheme."

David Barchard

SOME WEEKS ago Nationwide Anglia Building Society let it be known that it will be seeking powers from its members at its Annual General Meeting, later this month, to raise a new form of capital.

Until now building societies have relied for their capital either on reserves built up out of their profit or (for the last two years) on long-term borrowing in the money markets.

So Permanent Interest Bearing Shares, PIBS as Nationwide Anglia thinks they should be called, are an important development. Dan Hodson, deputy chief executive, says the shares, unlike ordinary building society deposits, will be tradable. A City merchant bank, as yet unnamed,

Anglia seeks capital innovation

will make a market in them and it will be possible to buy and sell them.

They will however not be equity shares or what building society executives call "equity loan shares." There will be no dividend, merely a higher rate of interest. This will be higher than the rates available on the society's main deposit accounts, perhaps the London Inter-bank Offer Rate plus a percentage point or two.

People or institutions buying them will be attracted chiefly by this higher rate of return. The shares will trade in the market at close to yield,

Hodson says, just as floating rate notes do in the money markets, though they may rise a little occasionally in anticipation of an increase in yield.

Hodson says that Nationwide Anglia favours PIBS because it is a way of raising additional capital for the society, so making it stronger, while allowing it to remain a mutually owned society. One alternative would have been to follow Abbey National and drop mutual status and become a PLC.

Whether mutually with PIBS is quite the same idea as that which the Victorian

funders of the building society movement envisaged is a moot point. The immediate question for savers is whether they should contemplate putting their money into PIBS rather than traditional high interest accounts.

Whatever they decide, PIBS will not be on the market until next summer at the earliest: the law has to be changed to allow them. A clause doing this is expected to be included in the Finance Act next year.

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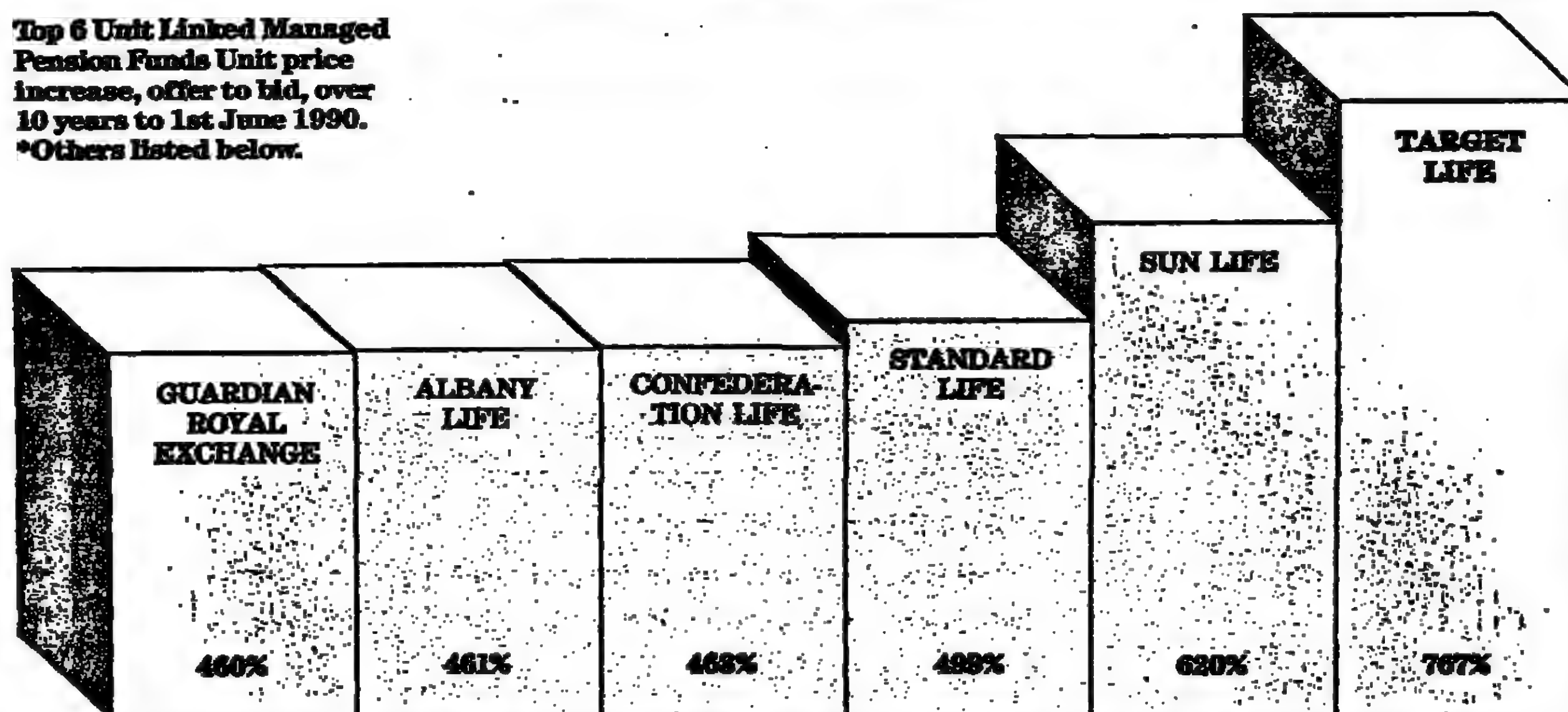
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*Other managed pension funds unit price increases are:- Save & Prosper, 410%; Hill Samuel, 389%; Allied Dunbar, 375%; Equity & Law, 368%; London & Manchester, 365%; M & G Pans, 365%; Prudential Holborn, 345%; Barclays Life, 340%; Legal & General, 337%; Property Growth, 327%; Cannon Assurance, 289%; Lawrenson, 278%; Standard Life, 274%; Abbey Life, 274%; MI UK, 272%; Standard Assurance, 265%; Niles, 261%; City of Westminster, 225%.

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FINANCE & THE FAMILY

Sara Webb on green funds When morality is not enough

ARE SOCIALLY responsible investments a good home for your money?

No, according to a survey of green and ethical unit trust investments published this week. This reported that 39 per cent of financial intermediaries are not recommending green and ethical funds to clients, chiefly because they regard them as "bad performers and a gimmick" 80 per cent of those questioned thought unit and investment trust groups were simply jumping on the green bandwagon.

Yet to be fair, there has been considerable demand for green and ethical investments from private investors in the last few years as people worry more about the greenhouse effect and pollution of the environment. Indeed, some £280m has been invested in ethical funds, according to a recent survey by Holden Meehan insurance consultants, and the evidence suggests that investors remain loyal to their socially responsible investments.

Perhaps that's just as well. A glance at the performance table shows that green and ethical funds are not usually the high-flyers of the league tables. In most cases your £100 invested will have turned in a rather mediocre performance, no better than the sector average, and usually rather worse than in a building society account.

Ethically screened funds usually exclude companies with certain interests, for example in tobacco, armaments or South Africa. Green funds tend to select those companies which are involved in improving or protecting the environment, while avoiding companies which have a bad environmental track record.

Unfortunately, it is not always easy to maintain such high standards and certain funds have been criticised for their investments in the past. For example, Scottish Equitable's Ethical trust invested in Sale Tilney, which has interests in engineering, trading and financial services.

At the time it bought the shares, it met with the fund's investment criteria, but later it took over Telsa Engineering, a company which maintained

and serviced Royal Navy torpedoes. This conflicted with the fund's investment criteria, and when Scottish Equitable's investment research advisers Bromige & Partners pointed this out, the group decided to sell its Sale Tilney shareholding. It decided to wait until a good opportunity arose in the market, partly because Sale Tilney is not a very liquid stock. Even so, they made a loss on the holding.

Alan Miller, marketing director of Bromige & Partners, says that it is very difficult to screen companies "real-time" and that companies which pass the green or ethical test one month, may fail the next month because of an acquisition they have made in the meantime.

One step can create a bad impression. Acorn Ethical Trust is still touchy about its adverse coverage in the media when it was criticised for investing in South Africa. Acorn invested in Cadbury Schweppes which has a couple of subsidiaries in South Africa. "We thought it was within our remit because it is not based in South Africa and its involvement in South Africa is minor," said a company spokesman, who pointed out that the holding was sold after a few months.

Clearly the answer to this problem is to have a good screening service which constantly monitors companies and their acquisitions. In a few cases, fund managers use outside specialist research for screening purposes. It seems likely that as socially responsible funds become more popular, the demand for specialist research will grow. Tessa Tennant, investment adviser at Jupiter Tarrut Martin which runs an Ecology Fund, says that the company is now considering whether to sell its research to other fund managers and is waiting to see if the demand is high enough.

In the meantime, however, demand is not enough: the socially responsible funds will need to improve their positions in the performance tables before they can be taken more seriously. *Valia Pollen, 18 Grosvenor Gardens, London SW1W 0DH (071-730-3455).

PERFORMANCE OF GREEN & ETHICAL UNIT TRUSTS

Fund	6 mths £	1 yr £	3 yrs £
UK Growth	-0.5	-8.0	-
Abbey Life Ethical	-0.5	-2.8	-
Alchurches	5.0	11.1	-
Eagle Star Env. Opps.	-0.5	-2.4	-8.0
Fidelity Famous Names	-0.5	-2.2	-8.2
Friends Prov. Stew.	-4.0	-	-
HM Conscience	-4.0	-12.0	-
Scott. Equitable Ethical	-1.7	-1.9	-
Sovereign Ethical	3.2	-1.0	-
TSB Environ. Inv.	-3.8	-10.4	-13.0
Sector Average	-10.8	-20.8	-
UK Income	-4.0	-4.8	1.7
Friends Prov. Stew. Inc.	-2.5	-8.2	-
Sector Average	-4.2	-5.6	0.1
International Growth	-5.8	-1.5	-
Acorn Ethical	-1.3	-7.9	-12.5
Buckmaster Fellowship	8.4	9.8	4.1
Med. Invest. Health	-7.8	-9.3	-
Merlin Jupiter Ecology	-7.8	-4.7	-
Target Global	-5.8	-2.4	1.8
Sector Average	-5.8	-2.4	1.8

Source: FINSTAT. 6 mths figures are offer-to-offer and include income - figures for 1 yr and 3 yrs are net of initial charges - all figures assume income reinvested.

The Week Ahead Asda counts cost of a difficult year

ASDA, the supermarket group, is expected to reveal the effects of a turbulent trading year when it unveils its annual pre-tax profits on Tuesday.

Analysts expect an outcome of around £18m, well down on the £24.6m obtained in the previous year. The group's interests in furniture are believed to have suffered particularly badly and Asda may also have come under strain from its high level of gearing which was taken on when the company acquired 61 Gateway supermarkets for £700m.

George Davies, formerly of Next, may have helped spruce up profits from clothing but this is unlikely to offset bad news elsewhere. After the recent slump in Asda's shares, analysts will be scrutinising the figures to gauge whether the company can be recommended as a recovery stock.

Much of the content of the impending results announcement from Tomkins, the UK industrial conglomerate, due on Monday has already been divulged. Stealing its own thunder, the company said last month that pre-tax profits for the year to April 28 were not less than £76m which would be an increase of 17 per cent over the previous year.

It added that it intended to

recommend a final dividend of 6.42p (4.78p), making a total of 9.12p (6.42p). These prognostications accompanied the announcement that the group has now reached formal agreement on the \$650m acquisition of Phillips Industries, a US industrial group.

Evode may highlight difficulties in the UK chemicals industry on Monday when it seems likely to reveal a fall in its earnings per share, accompanying a rise in pre-tax profits from £4.46m to £7.5m for the six months to April 30.

With half its sales in the UK, Evode is more exposed than most chemical companies to the rigours of the UK economy. It has also suffered from the effects of an increased interest charge, following its acquisition of Chamberlain Phillips last year.

First Leisure, the ten-pin bowling to disco group, appears to be riding the downturn in leisure spending better than most as a result of some prudent financing and sound management. Interim pre-tax profits due next Wednesday for the six months to end of April this year are expected by brokers to show a healthy growth to reach a shade over £10m from £8.2m at the same stage last year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market price	Price of bid	Value of bid	Notes
Crysalis	315	27	73	34.81	TT Group
Crysalis	307	27	73	30.60	Wiley
Episcure Ind.	34	32	28	27.34	Heron AS
Filax	30	30	25	4.308	Ted East com'n
Prost Group	421	425	358	60.12	Jerrol House
Shibe Inv. Tr.	207	207	174	1.108	St. Cost. Inv. Tr.
Harwell	157	155	141	122.85	Janet
L.O.M. Steam Pk	115	120	93	17.25	Sam. Condon &
Mecca	86	79	84	286.38	Bank Org.
Do. 22p Co. Pl.	80	69	56	251.20	Bank Org.
Tower Kameley	167	142	115	351.72	Bank Org.
Trilux	175	175	133	19.12	Asahi

*All cash offer. Cash alternative. *Partial bid. *For capital not already held. *Conditional. *Based on 2.20pm prices 13/7/90. *AI suspension. *55p and 50p. *Offer values co. at 2.20pm - bidder will retain no more than 25% of shares already owned 41%.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (000s)	Earnings per share (p)	Dividend per share (p)
Alan Paul	Mar	1,250	(742)	10.1 (9.5)
Aries	Mar	511	(1,650)	9.30 (11.5)
Barbour Index	Apr	3,370	(2,720)	13.3 (10.8)
Blair Group	Apr	13,890	(10,360)	16.3 (13.3)
Brilliant	Mar	2,300	(8,500)	5.5 (7.7)
Cambridge & Arm.	Mar	3,010	(3,080)	13.3 (17.5)
Christie Group	Mar	1,210	(4,580)	4.36 (13.8)
Comac Group	Dec	7	(489 L)	0.05 (-)
Control Sec.	Mar	23,700	(20,300)	5.1 (5.5)
Crawford Nat.	Mar	2,300	(1,130)	3.5 (3.5)
Dizons	Apr	80,100	(78,400)	12.6 (11.6)
Electron House	May	4,030	(4,820)	11.9 (17.3)
Ellis & Everard	Apr	16,410	(11,770)	18.7 (17.0)
Empire Stores	Apr	1,800	(3,100 L)	15.7 (13.8)
Evans of Leeds	Mar	7,550	(7,120)	15.7 (13.8)
Fleetch	Mar	4,950	(2,580)	11.2 (4.7)
Fisher Smith	Mar	8,500	(7,400)	22.9 (18.7)
Gibbons Lyons	Mar	1,480	(1,020)	14.0 (11.5)
Goring Kerr	Mar	1,480	(1,800)	11.5 (13.3)
Grain Shipping	Mar	3,420	(2,810)	22.1 (20.7)
Howden Group	Mar	22,150	(17,190)	15.1 (12.2)
Ivory & Stone	Apr	2,580	(2,880)	4.16 (5.38)
John Mendes	Apr	29,100	(26,100)	31.7 (33.1)
Jones Stroud	Mar	6,220	(7,100)	21.8 (23.2)
Kingsgrange	Apr	215	(2,000 L)	1.5 (12.5)
Leica	Mar	6,000	(5,500)	4.94 (5.49)
Logik	Mar	3,830	(2,750)	16.2 (15.3)
London Sec.	Apr	8,270	(6,230)	7.5 (7.1)
Magnet	Mar	39,900	(35,300)	9.2 (11.1)
Morris Ashby	Mar	1,150	(1,320)	2.1 (2.4)
Mosaic	Apr	4,940	(2,430)	21.6 (21.5)
Nobo Group	Apr	1,920	(2,572)	11.9 (17.2)
Peterson Hidge	Mar	3,650	(5,110)	13.0 (19.1)
Peel Holdings	Mar	11,020	(20,160)	12.4 (31.3)
Porter Chadburn	Mar	7,200	(4,810)	14.5 (14.5)
Prisel Benjamin	Mar	7,920	(8,190)	13.5 (14.6)
Real Time Cont.	Mar	55 L	(272)	0.5 (1.4)
Reliance Sec.	Apr	2,710	(2,070)	17.2 (12.9)
Scanlon Sec.	Mar	8,540	(4,420)	11.8 (5.67)
Sims	Mar	3,070	(3,050)	19.4 (7.9)
Teco	Mar	1,720	(1,710)	5.75 (5.61)
Thorpe	Mar	2,800	(1,400)	4.3 (3.5)
Turnbull Scott	Mar	2,800	(1,730)	29.9 (19.1)
Welpac	Jan	384	(981)	1.11 (2.39)
Wyke Group	Apr	3,640	(2,630)	10.4 (9.02)

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (000s)	Interim dividend per share (p)
Aitch Holdings	May	5	(22 L)
Barr AG	Apr	1,490	(1,030)
Cardiff Property	Mar	55,955	(48,635)
Company of Designers	Mar	304	(829)
Gardiner	Apr	2,310	(1,069)
Granada	Apr	63,300	(71,800)
Hay & Croft	Mar	770	(1,420)
Low & Bousie	May	12,300	(10,500)
Notch House	Mar	5,258	(3,800)
PE Kemp	Apr	178 L	(24)
Trilux	Mar	181	(44)
Yates	Apr	28	(50)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net of tax per share, except where otherwise indicated. L = loss.

RIGHTS ISSUES

PE Kemp is to raise £382,000 via a five-for-two rights issue of 5p. Subscribers to be placed of 52m shares at 150p each. Sun Life is to raise £27.5m via a one-for-seven rights issue of 50p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Colorgraph is to raise £5.22m via a placing of 2.54m shares at 205p each.

RESULTS DUE

Continued on page 10

Company	Announcement date	Dividend (p)		
		Last year	This year	This year
FINAL DIVIDENDS				
Abnott Scotland Investment	Friday		0.35	
Aim Group	Wednesday	2.2	8.8	2.4
Asda Group	Tuesday	1.5	2.95	1.25
Bates	Tuesday	0.5	1.8	0.5
Bespak	Wednesday	2.25	5.75	2.5
Bertram Holdings	Wednesday		2.0	
Brassway	Thursday	0.225	0.48	0.24
Broad Street Group	Tuesday	0.5	0.8	0.55
Brunning Group	Tuesday	1.75	3.25	
Bulmer HP Holdings	Wednesday	2.85	4.25	2.85
Clark Matthew & Sons Holdings	Thursday	6.5	7.5	6.75
Devi DY	Tuesday	1.50	3.5	1.55
Elbie	Thursday	0.595	1.34	0.75
Excelsior Group	Monday	0.25	0.75	0.3
First Spanish Investment Tr.	Friday			
Fitch GM Holdings	Monday	2.25	3.75	2.25
Fitch Lovell	Thursday	4.0	8.25	4.0
Ford Sellar Morris Properties	Monday	1.5	3.5	2.5
Hall Holdings	Tuesday	0.45	1.45	0.55
Hutton Group	Thursday	0.50	1.5	0.95
Mitton Group	Friday			
Multitone Investment Trust	Thursday	2.4	5.5	2.2
Multitone Electronics	Thursday		0.1	0.2
Nobain Electronics	Thursday		0.7	0.5
Port Food Group	Thursday	1.7	4.35	1.85
Stanley Leisure Organisation	Wednesday	1.75	2.75	2.0
Synco Engineering Group	Thursday	0.3	0.7	0.45
Tinsley Eliza	Thursday	1.80	3.0	1.95
Tomkins	Monday	2.0	4.75	2.7
Triplex Lloyd	Tuesday		1.5	
Monday	Monday	1.75	4.0	2.5
INTERIM DIVIDENDS				
Aaronson Brothers	Monday	1.8	1.7	
Asda Group	Monday	0.3	0.7	
Asda Group	Monday	0.3	0.7	
BWD Securities	Wednesday	1.0	2.5	
Central Motor Auctions	Wednesday	1.0	2.5	
City of Oxford Trust	Monday	1.0	2.25	
City of Oxford Trust	Tuesday	0.575	0.575	
City of Oxford Trust	Wednesday			
Denmans Electrical	Friday	0.25	0.5	
Dreyer Warren Group	Thursday	3.0	3.0	
Devinco	Thursday	0.7	1.5	
Drayton Far Eastern Trust	Thursday	0.5	1.8	
Elandford Gold Mining	Thursday	40.0	40.0	
Eurotherm International	Monday	1.82	4.0	
Escom Ltd Investment Trust	Monday	1.32	4.0	
First Leisure Corporation	Tuesday	1.32	4.0	
General Consolidated Inv. Tr.	Wednesday	4.0	5.48	
GWR Group	Thursday	4.0	5.0	
Macarthy	Thursday	5.0	5.0	
Macarthy Holdings	Thursday	5.0	5.0	
Platane Mining	Wednesday	2.8	4.5	
P&P	Thursday	1.1	2.5	
Rand Mines	Tuesday	1.0	4.0	
River & Mercantile Extra Tr.	Tuesday	1.0	7.5	
River & Mercantile Trust	Tuesday	1.5	2.5	
SL Andrews Trust	Monday	2.5	2.5	
Seagrave Group	Wednesday	2.5	2.5	
Selective Assets Trust	Friday	2.5	2.5	
South African Land & Exp.	Thursday	27.0	30.0	
Southvaal Holdings	Thursday	0.25	4.10	
Tilley International	Wednesday	0.25		
Trust of Property Shares	Friday		1.05	
Urbanco Investment Trust	Thursday	0.55	4.35	
Atlantic Reefs Exploration & Min.	Thursday	80.0	500.0	
Western Deep Levels	Thursday	260.0	500.0	
Western Deep Levels	Monday		1.0	

Dividends are shown net of income tax and are adjusted for any minority shareholdings. Figures for South African cents given per share.

FINANCE & THE FAMILY

Chris Hasson offers help to amateur analysts

Private investors can join the big league

INSTITUTIONAL investors subsidise a small army of well-paid City researchers who churn out pages of analytical reports and circulars upon which important investment decisions are made. But how do private investors, lacking the resources of the institutions, go about tracking down financial information on public or private limited companies?

The task is relatively simple in the case of public companies. An essential base of corporate data can be obtained from company directories. The two most useful are the *Home Bro Company Guide* (£88.50 pa including p&p) and the *Stock Exchange Press Company Handbook* (£79 pa inc p&p), which are respectively published four and three times annually.

They cover all UK-registered companies with a full listing on the London Stock Exchange, plus those with a Unlisted Stock Market or Third Market quotation. Either guide is a worthwhile initial investment for the budding amateur analyst.

Through the head office of the target company, call the company secretary's office or the PR-information department. Almost all public companies will happily send you a free copy of their latest annual or interim report, and some may place you on their distribution list for future news.

Good annual reports are those which fully describe the company's activities, management philosophy, track record, and future prospects. Such reports are the exception not the norm. Far too many British companies fail to use their annual report to explain why they are worth investing in.

This is especially disadvantageous to the potential private investor who lacks the professional clout to extract additional information.

City analysts and institutional investors who approach public companies for information are often invited in for a

Good annual reports are the exception not the norm

distribution of company announcements, and information packs specifically designed for the smaller investor go some way to redress the balance. But more are needed.

If you cannot wait for the annual report or company brochure to turn up in the post, a good-sized library is the next move. You can subscribe to the *Extel Card service* covering UK listed companies. Data is issued as a white annual card summarising the report and accounts, supplemented by a yellow news card.

It is also worth inquiring about additional business information services that the library may have access to and check through other useful directories such as *Who Owns Whom* and the *Directory of Directors*.

A particularly helpful service introduced by *Extel* in 1987 is the *Weekly Financial News Summary* (£240 pa) which aims to cover all financial news announcements made by UK public companies.

Active investors with an interest in potential "baby" situations, for example, can use

the service to spot board changes or share stakes changing hands in companies which may not get any press coverage until after the share price has taken off.

Many investment ideas, however, do originate from a comment in the financial press. Taken together with the annual report, a broad selection of recent newspaper articles will most likely provide a fair picture of a particular company's merits. Unfortunately, most press cuttings services – especially computer-based systems such as *Textline* – are expensive and aimed at corporate subscribers.

Probably the most cost-effective service is that provided by *McCarthy Information*, part of the *Financial Times* group. Cards of press cuttings are maintained on all quoted and many unquoted UK companies. These can be obtained by post or facsimile for an annual subscription of £46 and a small charge per card.

You can also call relevant specialist publications to ask if they have published any significant articles on the company you're interested in. Back copies are usually available for a modest charge.

Finally, if you are seeking raw financial information on private limited companies or perhaps the subsidiaries of public enterprises, a visit to Companies House in London, Cardiff, Edinburgh or Belfast may be required. All limited companies in the UK are required by law to submit audited annual accounts to the Companies Registration Office.

Personal callers with a couple of hours and £2.50 to spend put up with pages of microfiche files on individual companies.

Alternatively, several commercial "search" firms will do the job for you for around £20 per company. The Department of Trade and Industry is also upgrading and developing a fast search and delivery service available to the general public.

AFTER A gruelling day at a conference in Frankfurt, Julie Smith, a young business executive, suddenly remembered that she had forgotten to pay her milkman in south London.

Most people would have waited until they got home to deal with the problem. Julie had a better idea.

All I did was pick up the telephone, call Firstdirect in Leeds and my cheque was on its way to him," she says.

Julie (who has asked that we do not give her real name) is one of the 50,000 people who, in the past year, have become customers of Firstdirect, Midland Bank's telephone banking subsidiary. Firstdirect has no branches: you can only contact it over the telephone. Calls are answered by bank staff 24 hours a day, 365 days a year. You pay only a local rate in the UK.

To make its services more attractive to customers, Firstdirect pays higher rates of interest on balances in credit, and charges lower interest on debit accounts. It claims to be the first fully-fledged banking service of its kind in the world, although Girobank has run a more limited telephone banking service for some years, closing at 8pm. Rates for the two banks are generally very close, although it is clear that Firstdirect tries to maintain a slight advantage on its pricing.

Despite all this, Firstdirect has caught on relatively slowly, compared to interest-bearing current accounts from the large banks and building societies.

Take Nationwide Anglia's FlexAccount, launched in 1987. It picked up 600,000 customers in its first seven months and now has 1.2m. Firstdirect, launched last September, has had 200,000 phone calls in response to a highly visible – although by banking standards relatively cheap – television campaign, and now has 50,000 accounts. This is on course for a target of 100,000 customers by the year end, but it is a modest number by the standards of the industry.

Mike Harris, chief executive,

David Barchard on Midland's telephone banking

How Firstdirect aims to ring the changes



Firstdirect advertising: aims to present an alternative image for the new Midland Bank account "with a difference"

says he is very pleased with the way things are going. He says between 2,000 and 3,000 people are switching to Firstdirect each month. A new advertising campaign in the daily papers for Firstdirect begins on Monday.

"The maximum number of applications we can cope with is around 3,500 a week," Harris says. "When the volume gets too high, we let the surge roll through and then resume the advertising later."

He says the core of Firstdirect's service is a high interest cheque book current account, which gives instant access. On the first £500 in the account, you will get 9 per cent from Firstdirect, 4 per cent above the rate offered by the large high street banks.

The bank says that it is able to offer better terms than the high street banks because it does not have the high overheads which come with a

branch network.

The annual percentage charge on interest payments on your Firstdirect credit card will be 22.8 per cent compared to rates of around 30 per cent for most cards from those large banks which do not charge. The rate matches those of Town & Country Building Society and National & Provincial.

Firstdirect also offers the bill payment service which Julie Smith used from Frankfurt. It covers one-off payments as well as regular ones. "It isn't at all like standing orders," says Harris. "Standing orders can't vary. Our system allows for multiple amounts, delayed payments, and even payments to friends or relatives."

For a payment on demand, you have to first set up details of the account into which payment is to be made. The person or organisation you are paying must have an account into which the money can be transferred through the banking system. There is no charge for this. How is Firstdirect working out in practice?

Almost everyone who has contacted it seems to agree that – possibly because numbers of customers are still not very great – it is providing a good service.

Harris says that the bank increasingly relies on personal recommendation by its existing customers to its friends. It has received what he says calls "a quite extraordinary number" of unsolicited compliments.

To spread the word, it has printed small cards which customers can give to any friends or relations who are thinking of opening an account with the bank.

Like most of the people who have opted for Firstdirect, Julie Smith is very impressed by the service she has been getting. "The security measures are secure and unobtrusive. There have been no hitches in working the account and when I strayed accidentally into an unauthorised overdraft, I got the polite letter I have ever received from a bank," she reports.

Although Firstdirect is a division of Midland Bank, Julie says she does not think of herself as a Midland customer.

Her main problem has been to persuade her previous bank (one of the "Big Four" clearers) to allow her to move her current account while keeping her mortgage. The bank tried to insist she redeem her mortgage if she changed her current account – a practice which her solicitor advised her was illegal.

Julie is a Premier customer of Firstdirect: one of what is so

far a relatively select band of its Visa Gold card customers who have slightly preferential interest rates and access to an unsecured overdraft of up to £10,000.

Premier current account holders, unlike other Firstdirect customers, pay a £5 fee a month (Julie says this is well worthwhile) and must have an income of £30,000 or more. This qualifies her for a £250 cheque guarantee card which, she finds, comes in surprisingly useful. She also gets slightly higher rates of interest on her current account: 9.25 per cent instead of 9 per cent on balances under £500, for example, as well as a 0.35 per cent on mortgages from Firstdirect.

This slightly uppish customer image seems to be fairly typical of the bank. "Our customer base is rather more upmarket than we expected," says Harris. Firstdirect has about twice as many customers in the 25 to 44 age group as the high street banks, the most extensive users of financial services.

Its average mortgage size of £60,000 is on the high side, and there is a strong bias to the South-East and London.

The sort of customer Firstdirect feels it can serve best is the frequent traveller whose work or lifestyle means that they have fairly complex financial affairs and cannot easily get to a bank branch.

"We are getting a lot of calls in the small hours," says Harris. "In fact one of the most interesting things about Firstdirect is that a lot of calls to it come outside traditional banking hours."

A good proportion of these calls come from expatriates or businessmen on the move.

Fraud and security worry some people, although Harris says that Firstdirect has not yet had any fraud other than the usual cheque and credit card abuse which all banks have to contend with.

Some users say they find the security system a little difficult: it involves remembering four things. However, Julie Smith says she has had no problems.

A small act of faith

RIVER & MERCANTILE this week launches a new investment trust investing in smaller companies. The R&M Smaller Companies Trust will invest 80 per cent of the money in the UK, with the rest split between the US and Europe.

Isn't this an odd time to invest in smaller companies, given that this sector performed badly last year, leaving smaller companies unit trusts to languish at the bottom of the performance tables?

Vivien Gould, director at R&M, thinks not. She believes that smaller companies have now been brought down to "attractive levels of valuation." She also and the UK economy improving dramatically over the next two years, with "substantial cuts in interest rates in 1991 and 1992, possibly as

early as this year's Conservative Party Conference."

Alan Godfrey, who will manage the fund, says that as a general rule he will look for companies which have "been around for a while. The smaller companies sector consists of an enormous range of engineering and miscellaneous stocks. I would be slightly wary of high-profile service industry shares, for example in advertising and PR companies, which were born in the bull market of the 1980s and where the assets have a tendency to walk out in a huff."

Up to 5 per cent of the trust may be invested in unquoted names, but most of the companies will be "at the larger end of the small companies scale," according to Gould – in other words between £50m and

£200m in capitalisation. R&M is issuing 30m ordinary shares at £1 each. For every five ordinary shares, shareholders will receive one warrant giving the right to subscribe to an additional ordinary share at £1 every year up to and including 1996.

Shares in the trust can be put in a personal equity plan (PEP). Usually, you can only put up to £3,000 of investment trust shares in a PEP, whereas you can put up to £5,000 of shares into one. However, in the case of public offers, such as R&M's, you are allowed to put up to £5,000 of the investment trust shares straight into a PEP. R&M has a front-end charge of 0.75 per cent for its versions.

Sara Webb

Decision time on water shares

DECISION TIME has come for investors who bought shares in last autumn's flotation of the water and sewage companies of England and Wales. This week they will have to decide whether to pay up the second call or sell their shares.

The shares go ex-dividend on Monday, although there is an opportunity to sell them, but still keep the dividend, up until Friday July 20.

If selling does look like an attractive option, do not forget that the only certificate that

will be accepted for sale by stock brokers will be certificate three. You should have received one of these this week, together with a reminder that the second payment was looming. Previous certificates became invalid on June 28.

You may decide you would rather hang on to the shares, paying an extra 70p – or 80p if you registered for shares in your local company at flotation. If so, you must remember to pay the second instalment by July 31. If you miss this

deadline you will be liable to pay interest and risk losing your rights to shares and any associated incentives.

The registrars are running helplines to answer queries: ■ If you hold shares in Anglian, Northumbrian, North West, Severn Trent, Southern or South West, ring Lloyds on 021-633-3033; ■ For Thames, Welsh, Wessex or Yorkshire, ring National Westminster on 0272-559533.

Clare Pearson

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*						
High Interest cheque	5.00	5.10	4.08	monthly	1	under 5,000
High Interest cheque	5.20	5.30	4.28	monthly	1	5,000-9,999
High Interest cheque	5.40	5.50	4.48	monthly	1	10,000-24,999
High Interest cheque	5.60	5.70	4.68	monthly	1	25,000-49,999
High Interest cheque	5.80	5.90	4.88	monthly	1	50,000
BUILDING SOCIETY†						
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000
High Interest account	9.00	9.10	7.20	yearly	1	500
High Interest account	9.75	9.85	7.90	yearly	1	2,000
High Interest account	10.25	10.35	8.40	yearly	1	5,000
High Interest account	10.50	10.60	8.60	yearly	1	10,000
90-day	10.25	10.35	8.41	half yearly	1	500-9,999
90-day	11.00	11.10	9.05	half yearly	1	10,000-24,999
90-day	11.50	11.60	9.48	half yearly	1	25,000
NATIONAL SAVINGS						
Investment account	12.75	9.95	7.85	yearly	2	6-25,000
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.
35th issue	9.50	9.50	9.50	not applica	3	25-1,000
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month
General extension	5.01	5.01	5.01	not applica	3	-
MONEY MARKET ACCOUNT						
Schroder Wagg	10.82	11.37	9.10	monthly	1	2,500
Provincial Bank	11.02	11.58	9.27	monthly	1	1,000
UK GOVERNMENT STOCKS						
9pc Treasury 1991	13.15	11.08	9.80	half yearly	4	-
9pc Treasury 1992	12.91	10.81	9.54	half yearly	4	-
10.25pc Exchequer 1995	12.08	9.41	7.80	half yearly	4	-
8.5pc Treasury 1994	12.51	10.03	8.86	half yearly	4	-
9pc Treasury 1995	12.00	9.98	8.48	half yearly	4	-
Index-linked 2pc1992/95	14.11	11.37	11.08	half yearly	2/4	-

*Lloyds Bank/Halifax 90-day; immediate access for balances over £5,000.† Special facility for extra £10,000. ‡Source: Philipps and Drew. §Assumes 5.5 per cent inflation rate. 1. Paid after deduction of composite rate tax. 2. Paid gross. 3. Tax free. 4. Dividends paid after deduction of basic rate tax.

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FINANCE & THE FAMILY

EXPATRIATES

How to get away from the British taxman

THE STREAM of Britons leaving the UK to take up jobs or make new lives overseas has – two world wars apart – continued without interruption for generations.

The years have, of course, brought about subtle changes. Fewer of those leaving for employment will spend the whole of their working lives overseas than would have been the case as recently as 20 years ago.

Nor is the avoidance of tax at home as important a factor as it used to be. Many expatriates will actually find themselves moving to areas of higher taxation.

Be that as it may, escape from Britain's tax system at the earliest possible moment, and to the greatest possible extent, must remain an important consideration for everyone departing overseas. This end can best be served by becoming not resident and not ordinarily resident there.

In the case of those taking up employment, this necessitates a full-time engagement overseas for a period which extends beyond a complete tax year (6 April to April 5) and the limitation of home visits so that they exceed neither six months in a tax year nor three months on average.

Those retiring overseas permanently will need to point to evidence of the sale, such as the sale of their UK home and the purchase of one overseas.

Failing this, recognition will have to wait three years following which, provided the visit limits have not been exceeded, the change of status will be granted retrospectively. This same regime also applies to anyone taking up trade or business overseas.

Whichever it is, all those whose departure does not involve full-time employment or business abroad must bear in mind that visiting the UK, for however short a period, when accommodation is maintained there, will result in a status of resident for the whole

of the tax year concerned. Since the status of spouses is determined largely independently of each other and according to their respective circumstances, this frequently results in one party – usually the wife – being a tax resident of the UK when the other is not.

Confirmation of your change of status immediately frees you from UK tax in respect of all overseas income and, in addition, realised capital gains both

of these are your only sources of UK income.

Furthermore, those non-residents who are British or Commonwealth citizens, together with certain other smaller classes, are now entitled to the same allowances and reliefs from tax as UK residents, while husbands and wives are taxed separately on their respective incomes.

Should you retain your UK home, then provided that your absence from Britain is to be



within and outside the UK – excepting only gains arising from UK business assets.

This is very satisfactory as far as it goes but, in large measure, liability continues in relation to UK source income.

Happily, there are a number of mitigating factors. In the first place, some UK source income will be exempt from tax. Those holdings of British government securities which in this paper's listings carry the symbol "I" are perhaps the prime example.

However, notwithstanding appearances to the contrary, there is no exemption for gross paid interest from UK banks or building societies or British state pension. But, generally speaking, the Inland Revenue will make no attempt to collect the tax which is strictly due, provided that one or more of

for no more than four years, or if the property is lived in by you or your spouse for at least six months every year, MIRAS relief will, in most cases, continue in respect of the interest paid on the first £20,000 of any mortgage. This will be so even though you have no liability to UK tax at all.

Against this, property retention will inevitably give rise to a community charge (poll tax) liability unless you can pass it on to a tenant of six months or more duration.

Notwithstanding – perhaps even because of – these complications, achievement of non-residence gives rise to many opportunities to reduce your tax liability even more.

The following are but a few examples:
■ Save CGT by deferring disposal until after your change

of status.
■ Avoid income tax by accumulating savings overseas and, so far as possible, exporting existing income sources.

■ Reduce or even eliminate income tax on UK sources which cannot be exported, by carefully allocating them between the spouses having regard to their respective residence statuses and allowances.

Of course, some overseas assignments will be too short for the achievement of non-resident status. Nevertheless, if your earnings derive from employment which is performed wholly or partly outside the UK in the course of a "qualifying period" which amounts to 365 days or more, they at least will avoid UK tax. For this purpose, a qualifying period is one which consists of periods of absence from the UK, together with periods spent in the UK so far as sandwiched between such absences.

However, the UK periods must not exceed either 90 consecutive days or one sixth of the days in the period. For women, the appropriate figures are 90 days and one quarter of the days in the period.

Great care is necessary in the application of the one sixth (or one quarter) test. But whether your absence is to be just a few months or tens of years, there is no doubt that the most difficult of Britain's taxes to avoid is inheritance tax, for the reason that the extent of your taxability depends not upon residence but upon domicile.

Thus, only those emigrating permanently will escape the charge and only then after the elapse of three years and in relation to non-UK assets.

Few it is who succeed in getting the UK taxman the slip altogether!

Donald Elkin

■ Donald Elkin is a director of Wyford T. Fry Ltd of Worthing, West Sussex.

Trust for a grandchild

Q&A BRIEFCASE

I WISH to set up an accumulation and maintenance trust for my grandchildren. My daughter married an Australian and is currently living in Australia. She has dual nationality, as does her child.

1. Can her child be the first named child in the settlement deed and be a beneficiary of the trust, even though not a UK resident?

2. Can my daughter be a trustee of a UK trust?

3. I am aware that the trust will pay UK tax at 35 per cent, but if in the future the trustees authorise discretionary payments to the child in Australia, can income tax at 35 per cent be recovered on behalf of the child on these payments?

There is no reason why your (Australian) grandchild should not be a beneficiary; and it is permissible to have trustees of the trust who are not resident in the UK; indeed, if all the trustees are resident outside the jurisdiction this may be an advantage.

If the trustees are resident in the UK the discretionary beneficiary should be able to reclaim the additional rate tax, but if they are resident abroad that would not be the case. It would be wise to obtain expert tax advice.

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I HAVE read a lot regarding tenancy in common and joint tenancy of a house between husband and wife, but I am not clear on how one or the other can benefit.

My wife and I have made separate wills, each leaving everything to the other with the balance on the second death being split between our children/grandchildren in specific percentages.

My solicitor advised us that there was no need to leave a specific percentage of the house to our children on the first death as the survivor had two years' grace to transfer £125,000 free of tax under the deceased partner's will, and a further £125,000 could be transferred free of tax when the survivor died.

If this is so, why is there any need to will, say, 45 per cent of the house now to the children? Or does this apply only to tenants in common? We bought our current house in our joint names so I presume we are joint tenants.

If you wish to rely on the ability of your children to enter into a deed of arrangement under Section 142 of the Inheritance Tax Act 1984, you can do so. But you must bear in mind that if the survivor were not able to conduct her or his affairs effectively at the relevant time it might be difficult in practical terms to achieve

what is required. Moreover, the income tax position following a deed of arrangement would not necessarily be the same as where the gift is made in the will itself.

However, it is correct that no disposition of the interest of the testator in a house held on a beneficial joint tenancy is necessary; the interest accrues automatically to the survivor. You would need to examine the conveyance or transfer to you and your wife to determine whether the beneficial interest is held as joint tenants or tenants in common.

Transfer of shares

MY SON owns ordinary shares in a public company purchased in 1984, which are worth about £11,000 at the current price and, after indexation, show a capital gain of £4,000. He now wants to transfer them to his sister for nil consideration. The following questions arise:

1. It is assumed that my son, the transferor, will not be liable for the capital gain tax at the time of the transfer, or when he disposes of the shares?

2. Would his sister be liable to pay the capital gains tax at the time of the transfer, or when she disposes of the shares?

3. Would my son be liable to inheritance tax despite the fact that the shares will be transferred for nil consideration?

1. Your son will be liable to CGT as though he had sold the shares to his sister at their market value (on the quarter-up basis) on the day of the gift.

2. Your daughter will consequently be treated (for CGT purposes) as though she had bought the shares from him on that day. When she disposes of the shares, she will therefore only be taxable by reference to any rise in their value during her period of ownership, subject to indexation relief.

3. The gift will be a potentially exempt transfer, so there will be no inheritance tax to pay unless he dies within seven years.

Tax break on rented office
I AM THE joint owner of a residential property which is occupied by myself and the co-owner as our main residence. One room is rented as an office on a monthly basis to a company of which the co-owner is a director. I am paid a monthly rental. Although the house is jointly owned we have agreed

that the whole of the rent shall accrue to me in recognition of the inconvenience caused to me by the company's presence. How will this income be treated for tax purposes, and what allowances/costs may be claimed against it?

■ On the bare facts outlined, the rules of Schedule A require that half the assessable income be treated as yours and half as the co-owner's. The agreement between you appears to have no effect upon your respective tax liabilities.

Time to claim allowance

IN 1984 I gave some shares to my son, the shares being originally acquired pre-March 1982, and we applied for rollover relief of the CGT liability. The shares were sold in 1989, and the tax inspector claims that the donor's base cost is the 1984 transfer value less held over gain from the date of the original acquisition.

However, the held over gain was substantial prior to March 1982, and the inspector's ruling means that this element of the gain is being taxed in 1989. Since the 1988 Budget was said to eliminate taxation of gains made prior to March 1982, I consider the ruling unfair. Have I any grounds for pursuing the argument further?

■ Although your son's tax inspector is technically correct, that is only because your son has not (apparently) submitted a claim for relief under paragraph 1(a) of schedule 9 to the Finance Act 1988. The time limit for such a claim does not expire until April 5 1991. Your son should write to his inspector along the following lines:

"In accordance with paragraph 8 of schedule 9 to the Finance Act 1988, I claim that the deduction which falls to be made by virtue of section 79(1)(b) of the Finance Act 1980 from the consideration for which I would otherwise be regarded as having acquired the asset mentioned below shall be one half of the held-over gain:

... shares in ... plc

acquired on ... 1984 by way

of gift from my father, Mr (name and address), in respect of which a joint claim under section 79 of the Finance Act 1980 was made on ... 1984 and was submitted to your colleague at ... District under his reference ... by whom a calculation of the held-over gain is held."

Fencing duels

I HAVE been living in my detached house for 25 years. When I moved in, my neighbour erected an intervention fence on the left-hand side of the property and I erected a fence on the right-hand side.

The original owner then sold the house and the next owner said that it was his fence – he maintained it; indeed he even forbade me to touch it.

A couple of years ago the fence changed hands again and this present owner replaced a few panels in the fence. Recently storms blew quite a few more panels down, and the owner now says that he has been to his solicitor and that the fence is in fact mine and my responsibility.

I have not yet looked at my deeds, but my neighbour says that his deeds do not show who is the owner of the fence, and neither will mine. He says it is my fence because he claims that the law states that the fence belongs to the house whose owner erected the fence (presumably at his own cost).

■ There is no basis in law for your neighbour's proposition. If the deeds of the two houses do not show ownership of the fence in question the factual history will establish that the fence belongs to the house whose owner erected the fence (presumably at his own cost).

HUNGARY

The Financial Times proposes to publish a survey on the above on SEPTEMBER 24, 1990.

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FINANCIAL TIMES

LONDON'S BUSINESS LEADER

PERSPECTIVES

Small bites in Dracula's mountains

Rivers of the East: Tom Fort dodges the bears and sleeps in a dictator's bed in Romania

THE trout of Romania are very many and generally small. The bears are also numerous, and big. My intention in visiting this beautiful and friendly country was to fish for the former. But the latter proved to be something of a distraction.

I should, perhaps, say at once that I never actually saw a bear - at least one which hadn't been stuffed, or converted into a rug. But my awareness of them was acute, and I think my fishing may have suffered.

For three days I stayed at a little place called Lapusna, in the northern Carpathians, alongside the River Gurghui. My quarters were immediately next to a hunting lodge built for the Royal Family in the 1930s, and subsequently annexed by the unimpaired dictator, Nicolae Ceausescu.

The Gurghui mountains, whose dark, forested slopes stretched away from the lodge, are full of bear, and here the Leader would come, to shoot them from a little hut with a high voltage light suspended above it. I was curious about the procedure, and much of the talk was of these mighty creatures.

From talking about bears, and

reading about them, and speculating about them, it is but a short step to hearing them. When I was fishing alone on the river, as dusk was falling - the bear's favourite time for a snack - I heard plenty.

In the mud beside one pool, I found a pair of round, deep footprints. I am no naturalist, but I know that there are not many forest beasts in the habit of walking around on two legs. When I heard movements in the trees on the far bank, it was a case of rapid exit pursued by (imagined) bear.

A few days later I found myself in another Carpathian valley, that of the Neagra, which lies to the north west of the Caliman mountains, just inside Moldavia. About 20 miles north east is another valley, that of the Bistrita where Bram Stoker - who never got as close as me to the residence of his thirsty villain, Count Dracula.

It was no surprise to discover

that Ceausescu had also come here in his ceaseless quest to shoot Europe's largest bear - I was told with much hilarity that I had been sleeping in his bed. And only a fortnight before, a woman who disturbed a mother bear and her cubs was attacked and horribly mutilated not more than a couple of miles from where I was fishing.

In these circumstances, it is not easy for one of nervous disposition to concentrate on life in the water, particularly as this necessitates keeping one's back to terra firma and any visitors. The imagination will persist in providing unwelcome inventions: gleaming teeth, glittering hungry eyes, outstretched claws - you know the sort of thing.

That I managed to catch any fish at all was entirely due to my guide and mentor, Grigore Lungu, who has spent half a lifetime fishing the mountain streams of the Carpathians. As well as organising for me



hospitality on a heartwarming scale, he took me to some of the loveliest waters I have seen. Grigore is the first to admit that the trout and grayling fishing is not what it once was. In many places pollution and hydroelectric schemes have brought disaster. And on all but the most inaccessible rivers, poaching - by a people driven to desperation in the search for pro-

tein - has severely depleted stocks. Nevertheless, there is fishing to be had on innumerable waters, ranging from mountain rivulets to the broad reaches of the Upper Mures, noted for its crayling. My licence from the National Fishing Association would have enabled me to cast a line in well over 100 rivers and lakes, had I had the time and the appetite.

The most remarkable region I visited was the Retezat mountains, part of the south western Carpathian chain, where the peaks rise to well over 6,000 feet. Here my instructor was Istvan Horvath, an expert on the wild and dangerous paths (not bears this time; the weather). He took me to pellucid alpine lakes, whose mysteries - of the angling kind - I wholly failed to unravel, although I did manage to take a few bright little trout from the rushing waters of the Big and Little Lapusnic rivers.

Perhaps the best looking of the rivers I saw was the Neagra. The valley is unusually broad and open, making it possible to employ my English tactic of casting the fly, rather than the calculated dither dictated by enclosed conditions elsewhere. Unfortunately, while I was there, an army of storms was chasing each other around the mountains, periodically releasing tremendous downpours which turned the river to a malignant cocoa colour. We caught a lot of trout and grayling, none big enough to keep.

In the Gurghui I suffered in blistering heat. The fishing in the upper reaches is restricted to a privileged few, and one of my companions - not an angler - made it clear that great things were expected of me. There are those who can respond to such a challenge, but for me it was the psychological equivalent of eating my own words. My only minor triumph came as I

was still recovering from the shock of seeing a large red deer loom on the far bank before crashing up the hillside. I spotted a rise, cast, and caught a nice little trout of fully six oz, a large specimen in these parts.

But my finest hour - although it may not sound much - came on a little crystal stream called the Iva, which runs into the Mures after tumbling down a twisting valley from the mountains in a succession of rapids and tiny pools. Under one bridge I caught a nice grayling and several minnows. And above the next bridge, more fish were rising. By now it was almost dark, and I cast across. As the fly came round towards the arch, I sensed rather than saw a response, and a few moments later a sizeable trout was landed.

In the dusk, men from the village nearby - alerted by my cries of excitement - congregated. With smiles the fish was appraised. Handshakes followed, and exclamations of astonishment when I displayed the killing fly - a Clansman sedge, in case anyone is interested. It was a moment for any fisherman to savour. And the story of the moment? I will stake my reputation that it exceeded nine ones.

Despatches

Land of the counterfeit dollar

GENERAL ISSAM Abu Zaki, the head of Lebanon's judiciary police, pulls a \$100 bill from an envelope, runs his finger over it and holds it out for inspection. "Is it real?" he asks rhetorically. He knows that like the dozens of other \$100 bills spread out in front of him, it is a counterfeit.

Because of the 15-year-old civil war and his more-than-limited jurisdiction, Gen Abu Zaki and his colleagues can only wait for victims of counterfeiting to turn in their bad notes without hope of recompense. On Gen Abu Zaki's desk is one of these statues of three monkeys, seeing, hearing and speaking no evil. It sums up the role of Lebanon's police.

On the wall behind Gen Abu Zaki's desk the problem is more accurately defined by a verse from the Koran. "If an evil-liver brings you tidings," says surah 49, verse 6, "verify it, lest ye smite some folk in ignorance and afterward repent of what ye did." No-one in Beirut is "smitten in ignorance," least of all by the police.

It was probably inevitable that of all countries, Lebanon would be flooded with high-quality counterfeit banknotes.

"All crime is linked," Gen Abu Zaki says, "because people who are dealing with drugs and weapons are also dealing in counterfeit currency and prostitution. Some of the counterfeits are printed in the Lahad [Israeli occupied] area of Lebanon, and some are printed in Israel and distributed in southern Lebanon. The quality we have here in Lebanon is not nearly as good as the quality coming from Israel."

The police, and Lebanese officials, believe that the Israelis are deliberately introducing counterfeit notes into Lebanon to destabilise the economy, just as Nazi Germany and Great Britain counterfeited each other's currency during the Second World War. Other Lebanese offer an equally bizarre explanation for the effusion of counterfeit \$100 bills.

"The Americans paid the Iranians counterfeit hundreds for some of their hostages," says a Hamra Street banker. "The Iranians are using the American fakes to pay the Hizbollah."

The worst counterfeits are thick, discoloured notes, easily identified by the Lebanese. They are printed on offset presses in the Bekaa Valley.

Officials at Lebanon's central bank have noticed a high demand for US \$1 bills - which are often sold on the street for twice their nominal

value - because counterfeiters find that by rinsing the ink off them and reprinting them as \$100s, the paper at least is real. There appears to be no end to the supply of counterfeit banknotes. Gen Abu Zaki reckons there are "hundreds of thousands of fake \$100 bills" circulating in his country. Lebanese bankers say many of the notes find their way to Syria and Europe.

"It is very difficult to penetrate zones like the Bekaa," Gen Abu Zaki says. "As soon as a printing plant is discovered, they just move their equipment and money." But the general proudly boasts a couple of small local victories for his police force.

They recently arrested a man in Beirut's southern suburbs with more than \$1m in poor-quality \$100 bills packed in a suitcase. The man said he had intended to take the money to Libya.

"People in Libya aren't used to the problem. They might not have noticed," says Colonel Malik Abdul Khaled, the chief of the counterfeiting and forgery division of Lebanon's judiciary police.

Last year, the police raided a printing plant in the seaside Jbel-Bahar quarter of Beirut. The plant, which was owned by one of Lebanon's militias, printed books during the day

Lara Marlowe on the spread of fake bills in Lebanon

and at night switched over to American Express travellers' cheques and Saudi riyals. In the cupboard in his office, Col Abdul Khaled still has 13 thin zinc metal plates, each 90cm by 70cm wide, with images, letters and figures outlined by non-printing areas, non-receptive to ink. Each plate corresponds to one colour on the Saudi bills or travellers' cheques.

In spite of the danger of ending up with worthless paper, most Lebanese still prefer dollars to their own unstable Lebanese pound. Three quarters of the money used in Lebanon is dollars. In the Israeli-occupied "security zone" of southern Lebanon, counterfeit notes are said by police to be so prevalent that no-one dares to question their value. But elsewhere, the abundance of counterfeits is making it difficult to spend even legitimate banknotes.

In the southern Lebanese town of Naqoura, where United



General Issam Abu Zaki, the head of Lebanon's judiciary police, contemplates a small portion of the millions of dollars in counterfeit money circulating in Lebanon.

Nations troops have their headquarters, international telephone operators will not accept \$100 bills.

In Beirut, shopkeepers and money changers run their fingers over each bill, hold it up to the light and often leave clients waiting while they run to a nearby colleague or bank to seek a second opinion. If the bill is judged to be worn, soiled, too thin, too thick or off-colour, the merchant will refuse a sale rather than risk taking a phony. Sometimes he writes down the client's passport number and asks him to sign the bill so he can be traced if the note proves to be a fake. Would-be passers of counterfeit money have been known to take flight when the money changers of Hamra Street test their \$100 bills under an ultra-violet lamp. US currency - whether fake or real - has no hidden or fluorescent features, but the ultra-violet lamp is used for psychological effect.

"We have no more sophisticated means of detection than the general public," says one of Gen Abu Zaki's deputies. "We take a \$100 bill which we know is good and compare it with the one we are testing."

"First we look for colour, then the feel of the paper. You should feel the raised printing where it says 'United States of America' and the corners of the bill with the '100' feel like the scales of a fish."

"We check the number against lists of known fakes, the dimensions of the paper, the disposition of the figures and images on the note. But elsewhere, note shouldn't cease when you fold it."

If Lebanon's police can do little to stop the counterfeit presses, Lebanon's central bank, which has taken extreme measures to protect its own currency, feels it has no responsibility for the American dollar. Perhaps understandably, officials at the central bank seem to relish the misfortune of those who have so unpatriotically persisted in trading in dollars.

"The Lebanese pound is extremely secure against counterfeiting. Only its value is not safe," says Mohammed Naffi, an expert on counterfeiting and one of the bank's highest-ranking managers. "The Bank of Lebanon has for many years contracted with Thomas de la Rue of London to print bank notes incorporating most of the security features available. The resulting banknotes are so beautifully printed with scenes of Lebanese classical ruins that it seems criminal to squander them for their paltry buying power. The highest-denomination banknote, printed by special order of the Lebanese Parliament to cope with devaluation and inflation, is L21,000, which is worth approximately \$1 sterling."

Lebanese criminals have nonetheless found a uniquely Lebanese way of reproducing the \$1,000 notes. They fan 10 out, make one cut down the middle, then reassemble the notes with transparent tape.

The process creates 11 banknotes out of 10, each just 5-10mm shorter than the original. The central bank now refuses to accept any Lebanese note with tape on it.

"It's not difficult at all to counterfeit dollars," Naffi says. "The dollar has no watermark, no security thread, no fluorescent fibres and only one colour. All denominations are the same size. It is not a secure currency."

Harsh side of the Himalayas

EVEN before the tragedy Doug Scott's box had, like its owner, acquired a reputation among the hardy but diminutive inhabitants of Baltistan in the Pakistani Himalaya. A large, beautifully made wooden trunk bound with metal straps, it stood out in Victorian splendour against the multitude of dirty brown kitbags and plastic drums that are the standard among expeditions to the region.

At the beginning of June word of the famous British mountaineer's arrival had spread like wildfire along the precipitous dusty brown tracks of the Karakoram. Many of Baltistan's 2,500 or so porters had met Scott before on one of his seven previous expeditions but this was the first time they had seen him travelling with his own personal box.

On the gruelling six day walk-in to Laski, base camp at 15,000 ft on the Chitral glacier porters from Hunza and Kaprua vied to carry the expedition leader's personal effects. It was not so much that the box contained enormous riches, which it did; nor that it was easier to carry than the party's kitbags, which it most

certainly was not; it was more a question of status for here was a container worthy of a man for whom the fiercely independent Baltis had considerable respect and admiration. In 1977 eight of them had carried Scott to the safety of an army helicopter after a fearsome eight-day ordeal on the Oga when he battled for his life in a storm with two broken legs.

Named affectionately the "Dustcart's box" (simply the Balti way of pronouncing Doug Scott) at the end of each day's march it would be placed carefully outside his spacious "Himalayan Hotel" tent. From it would be pulled, as if from a magic hat, seemingly never-ending supplies of herbal sweets and remedies, chocolate bars, cameras and medicine.

The following morning the lid of the box would be closed and the whole contraption tied on a porter's back. The journey to base camp took Scott's party, 60 porters, his box and five climbers under towering moraines of unconsolidated mud soaring hundreds of feet into the air, over precarious snow and ice bridges spanning hidden cre-

vasses and across icy streams and rivers in full spate.

But for the porters, whose livelihood involves clambering over ground the non-climbing mortal would consider impossibly dangerous, the most fearful part of the trip was a night spent on the flat in an oasis of green known as "The Place Where Qurban Died." There, buried under a great block lies the body of Qurban, a young porter from the village of Askole who died of hypothermia about a decade ago. It is said that his wife was so overcome that she killed herself and her only child.

Either because it reminds them of the dangers of their job, for which they are paid about \$5 a day, or because of a fear of Qurban's ghost, most porters will try hard to avoid spending the night there.

It was four weeks later on a return journey from the Chitral that we looked down the 200 ft cliff into the raging Balardu River to see Scott's box swirling gracefully by.

First, disbelief. Then, fury, as we remembered that all the expeditions cash reserves plus \$5,000 of camera equipment

were about to disappear forever. Finally, despair as we realised that tied to the box, but hidden by a raging brown mass of glacier water, was Sher Mohammed son of Abdul Rachman, a porter from Askole whose face none of us could remember as he had been hired just two hours before at Jala Bridge.

We searched in vain for the body over the following days but as we did so the legend of Dustcart's Box - and the "unimaginable" riches it contained grew out of all proportion. Scores scanned the river bank in vain for a sight of it. No-one asked after the dead porter.

In Skardu the charmingly highly placed official helping us to deal with the affair said the porter's pretty young wife would use the insurance to find a new husband before the summer was out.

Richard Cowper

Richard Cowper is a member of the British Lakok expedition which is sponsored by Inspectorate OIS, part of the Eromanga Group of Companies.

Active Citizen

Restaurants to feed the poor

RAM GIDDOOMAI has given up his position as the group chief executive of a successful seafood processing and marketing company to follow a much less lucrative path. Instead of spending his time turning deals exporting smoked salmon and shrimp, he now spends four days a week raising money for charities that aid the poverty-stricken of South Asia. Last Christmas he helped organise Christmas Cracker, a project designed to recruit young people throughout the UK to set up short-term restaurants at which customers pay higher than average prices for their food, the extra money going to these charities.

Over 20,000 youths participated, creating more than 100 restaurants. The programme raised £400,000, and drew the attention of the BBC, ITV, and Sky Channel.

Ram made his drastic occupational switch two years ago, after a business trip took him on his first visit to his ancestral India. His job was to arrange the purchase of seafood for his company's international operations. Yet his culture shock, and extensive travel along India's 3,600 mile coastline made the trip gruelling as he flew from port to port, negotiating purchases.

On his last evening in Bom-

bay, Ram met a group of community workers. "These people took me along to one of the shanty towns where they worked. You can see these sorts of sights every day on television, but nothing prepares you for the horror of actually being there. I was particularly struck by a four or five year old boy who looked a little like my own son of that age. When I saw where the boy lived, and where he was going to sleep that night, I couldn't believe it. And the next highlight of my tour of the shanty town was a street which was full of child prostitutes. I was utterly nauseated, emotionally churned up."

"From the shanty town, I had to go straight to the airport. Within minutes, I was in my first class seat in the plane, and I and my fellow-passengers were being pelted with caviar and champagne. I couldn't take it. I broke down. I knew that I had to respond in some way to what I had seen."

Ram became involved with the Christmas Cracker project, as well as two other charities: Indian Ground Work and South Asian Concern. Christmas Cracker set up its restaurants in temporarily vacant high street premises around the UK. Participants displayed a remarkable amount of energy and imagination which was



Ram Gidoomai: from buying smoked salmon to selling charity

inspired by both competition and necessity. The programme offered prizes to groups with the most imaginative plays to draw public attention. For example, a young squash player of Pakistani origin dressed up as the "Maharaja of Bhawan", and organised a police escort for himself which held up all the traffic around his restaurant. Another group adopted a bear as a mascot. On the other hand, some groups could not find vacant high street premises and had to organise their own locations. One hired a double decker bus.

The prize winners were flown to India to see the projects for which they had raised money. All but £26,000 of the project's administrative costs were covered by Asian businessmen, and groups such as the TEAR fund and Interserve, and the extra was funded by a young Asian millionaire. This allowed all of the money raised to actually go to the needy in South Asia.

This year, Christmas Cracker plans to extend its relief effort into other nations, possibly raising as much as £10m. In the meantime, Ram finds himself as one of the two main heads of South Asian Concern, the first relief and disbursement committee in the West driven entirely by non-Caucasians.

Ram says his generous nature probably originated during his childhood exposure to the values of the traditional Asian family. "I believe that helping others is a natural instinct within every family. In Asian families, one sees one's parents responding wherever there is a need, so it seems natural to most Asians to help others. Asian families have extended links: everybody is addressed as 'Uncle' and 'Aunt'. One stops being entirely conscious of who's a blood relative, who's related by

marriage, who is actually only a friend, relative, and so on. The links go a very long way, at least within one's own group, which may be defined by caste, language, or other considerations."

In 1972, Ram became a Christian. He feels this conversion sharpened and extended his nature beyond the concern for caste or community group - typical of Asians.

Ram knows he cannot single-handedly wipe out the world's poverty, but says he can "make a difference" and that "each of us can make a difference" through long-term personal involvement.

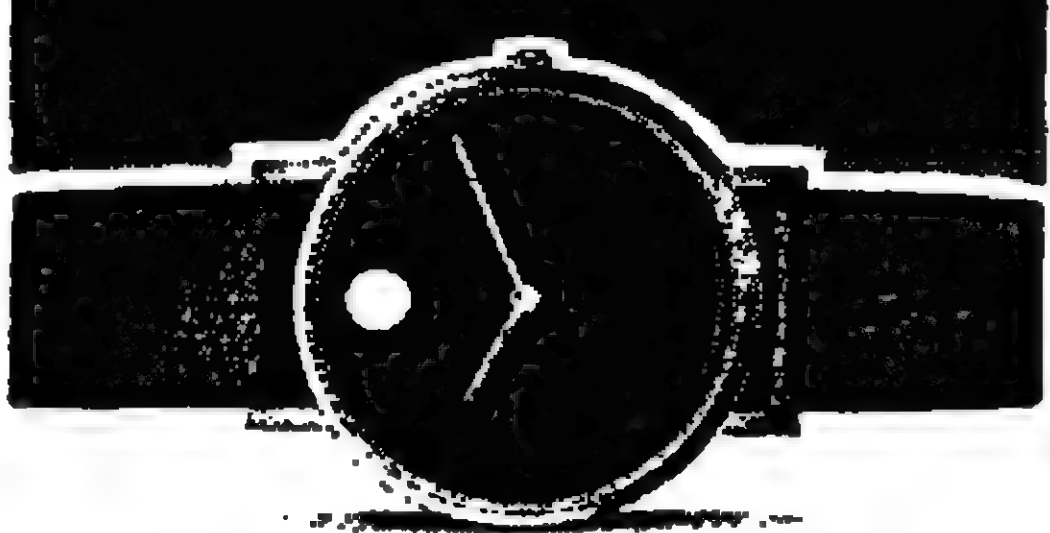
"If you do things that are crazy, and chat about what you did with others, as you inevitably do, then you spread the excitement," says Ram, citing the example of a man asked to donate \$50 for a glass of tap water, who responded by giving \$5. His action landed him on local television explaining himself, and inspiring many viewers to take similar action.

"What he did multiplied in value for him personally," Ram explains, "he'll remember it for a long time. It will also multiply the value of what he gave, because it will cause others to dig deeper into their pockets."

"The creative use of business skills and links makes things happen, gives me all the excitement of deal-making, not for making money for myself, now, but for getting others excited, getting them to go beyond themselves, which is after all the reason why Jesus came. If we all do our little bit, we'll find that poverty is not insurmountable. As too many people nowadays seem to think, 'we'll find that the problem is solvable, not merely in the dim and distant future, but in our lifetime.'"

Prabhu Gupta

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Country Notes

Night racers whose noise annoys

THE IMPACT of motor rallies on the country dweller or weekenders can be considerable. Noise that might be quite tolerable in the daytime can be positively nerve-jangling at night. Motor rallies are mainly nocturnal creatures. Unlike their wild counterparts, they do not operate in silence. The revving of highly tuned engines and the screech of tyres are the very hallmarks of rally action.

It all sounds reasonable enough. Having selected their route, the organisers deliver an information slip through the letter boxes of all houses directly on their route. The tone of the message is jolly. They do hope that you will be able to join the fun as a spectator. Should you require more information please do not hesitate to contact their representative. But one piece of information is often missing: the time at which the hapless countryman can expect to be roused from his weekend slumbers. There is usually a certain coyness in coming forward with this delicate matter.

What happens if one is so bold as to write or telephone saying that one is not wildly enthusiastic? You feel that a concourse of cars being driven at regular

intervals and high speeds under your bedroom window in the early hours is less appealing to you than a night's sleep.

What is likely to happen is that a representative, a trouble-shooter, will appear on your doorstep. His duty is to win you over if not to positive enthusiasm for the rally, at least to acceptance. If, on the way, it is necessary for him to give the merest hint that you are a bit of a spoilsport or even something of a crank in wishing to upset their carefully laid plans he will probably not shrink this unpleasant duty.

It is of course open to the objector to ask the representative just how popular with the rallyists and their families it might be if he were to organise a procession of cars driven at speed, at regular intervals and at, say, 1am, past the urban residences of the rally drivers. This approach is usually regarded by the representative as a joke in rather poor taste.

The representative will probably indicate that the police have been informed of the rally plan and have no objection. This may sound as if the rally has the official approval or authorisation of the police. The police are quick to point out, however,

that it is not up to them to give or withhold authorisation. They will simply draw attention to the Motor Vehicles (Competition and Trials) Regulations, 1969, and to the Events Section, Motor Sport Division, of the Royal Automobile Club, which, they say, does authorise motor rallies. While providing rules for competitive motor rallies held on the public highway, these Regulations do not cover the holding of "races or speed trials."

The RAC might perhaps be shocked by the suggestion that these nocturnal motor rallies bear any resemblance to a race or speed trial. Nevertheless it has occurred to some country dwellers that motor rallies do have certain features which remind them of a race and a speed trial.

When an estate agent writes in his country house sale particulars "Situated at the end of a quiet cul-de-sac," he may be offering more of an advantage than he realises. Rally drivers thrive on tricky, twisting and hazard-ridden routes, but unscrupulous a dead-end is not quite up their street.

Michael Stourton

HOW TO SPEND IT

Made to measure is back in fashion — even at £2,000 a dress. Lucia van der Post braves the crowds at the second British Couture Week and discovers signs of an exciting revival in the industry

London couture — a snip at the price



From Victor Edelstein, 3/4 Stanhope Mews West, London SW7, a short black dinner dress with wrap, typical of Victor's sought-after After Six dresses — youthful but sophisticated they come in lace, chiffon, in velvet, sumptuous silks and satins. Victor HATES talking money — "so tacky" — but prices start at about £2,000. Fans and clients include HRH The Princess of Wales, Anna Wintour, Editor of Vogue and Tina Brown, Editor of Vanity Fair.



From Hartnell, 28 Bruton Street, London W1, Camilla Wigram, left is wearing a black and red woven duchess satin coat dress with a high portrait collar while her twin Lucy, is wearing an evening gown with an embroidered bodice, a red silk pleated skirt and a red silk taffeta wrap. Blessed with the Royal Warrant, Hartnell is broadening its customer base, much hope is pinned on the autumn arrival of Marc Bohan. Dresses from £1,000, ball-gowns from £2,000.



From Lachasse, 29 Thurlow Place, London SW7, "hostess dress in printed silk and wool worn with a matador jacket in purple bouclé wool." A collection built round the life-styles of its customers, nice tweeds, dramatic evening coats. Designer Peter Lewis-Crown is keen to reveal much about his clients. But, he has "a mailing list of 7,000 clients," among them bridesmaids as young as four and Christina Forde. Prices start at £1,000 for suits, £1,500 for evening dresses.



From Hardy Amies, 14 Savile Row, London W1, a very heavy pure silk crepe dress in flame red, electric green and purple. Best known for his tailoring and for practical couture that fit into the traditional Englishwoman's lifestyle. Lots of beautifully cut, impeccably tailored suits that will last long after the high-glitz numbers by flashier names. Regular customers include a handful of royals and Felicity Kendall. Wedding-dresses start at about £3,000, suits at £2,000.



From Franks, 11 Dover Street, London W1, a short, sassy evening or dinner dress with a beaded chignon bodice and satin skirt and cummerbund. Some snappy day-suits but I'd go for the wonderful ball gowns in rich velvets, glamorous AND warm, ideal for draughty country house evenings. Looks much too youthful to have dressed Ingrid Bergman, Ava Gardner and Elizabeth Taylor in their prime. A day suit starts at £1,800, a ball dress at £3,000.

OH, THE crowds! The heat! The little girl chairs! The skinny models, the fix, the kisses! At last week's British Couture Week when for the second time the glided "circle of six" got themselves together and showed during the same week, it was almost... but not quite... like Paris.

British couture, once pronounced to be on the critical list, has been given the kiss of life and is now alive, well and flourishing. Chief source of new nourishment has undoubtedly been the house of Hartnell's bold decision to go for broke and hire a designer — Marc Bohan, ex-Dior — who brought the proverbial talent and lust but who carries serious international clout. All of London's fashion world is agog to see what he will get up to and all agree that his arrival has to be a good thing.

Haute Couture, at last, in Britain has become something of a talking point and is acquiring a little of the glitz that hovers inextricably round the Paris houses and that leads... when all the ingredients are right... to almost unimaginable riches. British couture, once entirely dependent on the number of clothes it actually sold, looks as if it is shaping up to be less and less about couture, more and more about how to market an image around the world.

All spring the salons have been fixating with activity. At Hardy Amies, the trail of young brides commissioning wedding dresses to set off a tiara and grace a country church is longer than it's ever been. At Franks and Anouska Hempel, at Victor Edelstein and Hartnell, they have been turning out the sort of frocks that would have cut a dash at

King Constantine's birthday party last month, or at the Devonshire do at Chatsworth last weekend.

British social life has perked up. Grand parties and grand houses are with us again, and with them the need to have clothes to match. As Victor Edelstein put it: "Over the last few years the British have been decorating their houses like crazy. There's not much point in having a lovely house and giving grand dinner parties and then wearing jeans. The women who come to me KNOW they will be going to, say, three dinners a week and will need the clothes to match."

Women who wear smart clothes have also cottoned on to the fact that, compared with ready-to-wear designer numbers, couture is actually good value. If you have never entered a salon you may not realise that couture today is... well, almost a steal.

If you live the sort of life that requires some elegant After Six dresses in which to dine, some ball-gowns in which to shine, some suits in which to lunch, then the designer names in Bond Street and Sloane Street have price tags that would cause most of us to faint away. Valentino, Gigli, Chanel — all charge well over £1,000 for a dress, and £2,000 to £5,000 for an evening dress (And remember these are all off the peg). Whereas, for the same sort of sum (for those who can face these sums without fainting) you could go to any one of the British couturiers, choose a dress in almost any colour or fabric you like, have it made so that it fits you like a glove with the kind of finish that most of us didn't know still existed.

Zips are concealed, pleats lie immaculately, bodices are boned, linings are silk, buttons are hand-selected, usually in Paris. When you make an appointment with the couturier, you get his or her undivided attention. If you are at all insecure about how to wear it you can get expert advice on what tights, hats, gloves, handbags, belts to wear with your creation. You will be attended to in peace and quiet, your figure faults discreetly disguised. You will have at least three fittings and, when the dress eventually looks a little tired, the house will repair and alter

and generally give it a new lease of life. For all that you pay prices that are often the same or only marginally more than Bond Street, and are at least a third lower than in a French couture house.

The big mystery, then, is does it, can it, pay? In Paris it is no secret that couture itself does not — indeed, it isn't even expected to make a profit. Some of the couture houses scarcely sell a dress. The ritzy shows with the glitzy, high-profile customers establish the image, which is what sells the tights, the perfume, the ties which give the man in the

street a chance to buy a little of the designer magic. This is the way that the vast fortunes behind Cardin, Saint-Laurent, Dior et al have been built.

In London, Hardy Amies is the only one who has established a serious network of licences all over the world. But where Paris goes, most British designers would dearly love to follow.

Anouska Hempel, for instance, is quite open about her aims — to follow the golden Parisian route to establishing an image, to move on to designing tights and hats and

gloves and sunglasses and a network of licences. She sees her couture business as but a step along the way. "I don't make a penny, not a bean, out of the clothes. I'm having to subsidise the business all the way. For one thing, I'm a perfectionist. Every garment is as beautiful inside as out. We make a proper toile, bustiers are boned, lined and interlined. None of that comes cheap."

Manny Silverman who runs the house of Hartnell, couture tier to the Queen and the Queen Mother (though not yet the younger royals), agrees that there is little money in couture. "You may just squeeze a decent living out of couture, but we did not go into this business in order to be couturiers. We went into it in order to establish a brand which we then hope to licence around the world, but in order to do that we need to be very, very good at couture."

I bought Hartnell because to start a couture house today costs millions. Nobody could afford it. But in Hartnell we have such a house. Now what we need is to revitalise it. I'm sure Marc Bohan will do that. Couture is a talent business and this man has talent in abundance. He also has 20 years experience of the sort of house we want to be, of designing the clothes, of selling perfume, of licensing arrangements. Without a name like that, no matter how beautiful the clothes, we could not think of going international.

What he didn't mention, but was left tantalisingly hanging in the air, is the delicate matter of the star-studded list of Bohan fans — headed by Princess Caroline of Monaco. Manny Silverman must be hoping devoutly that they will now tread a path to London's Bruton Street. It looks as if it's going to be standing room only at Bohan's first showing next February — the international press, headed by Bernadine Morris and Carrie Donovan of the *New York Times*, have booked their seats already.

Franks, Victor Edelstein and Lachasse all, by contrast, seem to exist by couture alone. Franks is doing more than nicely. She has perfected the business of giving her customers the sort of clothes their life-styles need — warm and glowing velvet ballgowns for keeping the draughts at bay in large country houses, glamorous wraps, snappy suits for day. She herself goes to many of the same parties that her ballgowns go for, and she nearly swallowed her mouthful of pins at the mere idea that there was no money in couture.

"Put it this way," she said, "I have a lifestyle that many people envy and this is the only thing that pays for it. I'm in the salon at eight in the morning and sometimes here at nine in the evening — in couture there is no short-cut — but frankly, I make a fortune."

At Victor Edelstein, the average customer orders about three dresses a time and is between the age of 25 and 45. His couture pays its way ("It has to"), but he hopes to build up a name that he can market internationally. "If you build up a name it would be silly not to capitalise on it." He has expanded his market by taking his collection twice a year to New York where, from his hotel suite, he gives his discreet service to a little band of New York's smartest set.

Glamour for men

If couture seems to you a little claustrophobic, perfumed world, in which men have no role except to do the designing and foot the bills you would be mistaken. Over at Hardy Amies, they are experimenting with a small but luxurious line of haute couture for men. A black evening coat, lapels heavily embroidered with jet-black beading, just the thing for the opera or a grand ball; a white dinner jacket in the finest cream wool, perfectly tailored and given originality with a richly embroidered cream fastening; a velvet evening jacket with a Mao-style collar — mostly within the conventions of the standard male wardrobe but given a couture touch. The collection wasn't expected so much to sell as to ginger up the numerous Hardy Amies licences, to give them a shot-in-the-arm — but to their surprise, it is selling. There is, it seems, a band of chaps, many of them quite outside what we might politely call the "creative professions" of glamour in, who find that their tailor gives them impeccable craftsmanship but little in the way of excitement.



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Anouska Hempel, 2 Pond Place, London SW3. Above is a typically dramatic Hempel number. In black and white double duchess satin, with gauntlet gloves and My Fair Lady hat, this ball dress was shown last season and has already enjoyed a glamorous outing at last weekend's Chatsworth ball. At this week's show there were sophisticated shorts with jackets for winter and rich, sumptuous evening wear. Fans include Pandora Delevigne, Lady Carina Frost, Mrs. Galen Weston, Lady McAlpine, the Begum Ali Aziz and Lady Henderson. A day suit is from £1,800, an evening dress from £2,000.

FOOD & WINE

Chianti's cousins move up

Edmund Penning-Rossell revisits the vineyards of the Sienese hills

AFTER VISITING the latest Tuscan DOCG, and spending some days in the largest, Chianti, it seemed logical to visit briefly the two earliest: Brunello di Montalcino and Vino Nobile di Montepulciano which date from 1980. Both showed marked improvement in the quality of their wines since I last tasted them on the spot in 1986. Both have new, young and energetic directors of their Consorzio, the associations to which most growers belong. Dr Stefan Campiattelli in Montalcino and Signora Maddalena Mazzeschi in Montepulciano.

Historically Brunello, produced from the Sangiovese Grosso grape and developed in the 1870s by the Biondi-Santi family, is the more celebrated and generally better. However their policy of very low yield, highly concentrated wines, whose severity is accentuated by no malolactic fermentation to soften the acidity, has led to very high prices that have created a false international impression of Brunello. Moreover Biondi-Santi's Brunello usually takes an inordinate time to mature, so when drunk when less than 25 years old, the pleasure may not correlate with the price.

Brunello is relatively expensive because there are no opening offers by means of which the growers are paid within a year of the vintage. Instead it cannot be marketed under four years of age, of which three and a half must be spent in wood. This is to reduce the tannin inherent in all Sangiovese wines, but is not only costly in terms of capital investment, with four years' stock in the cellar, and for the less well-equipped growers it is difficult to maintain the quality in wood for so long.

The DOCG area covers 850ha, and only 15 estates have more than 10ha apiece. Most own only two to five. Of the 149 members of the Consorzio - Biondi-Santi is not a member - only 67 bottle and sell their wine, while 20 grapes and 40 sell wine to other estates.

Total production averages only 30,000hl (compare this to St Estephe's 60,000hl). Since the incep-

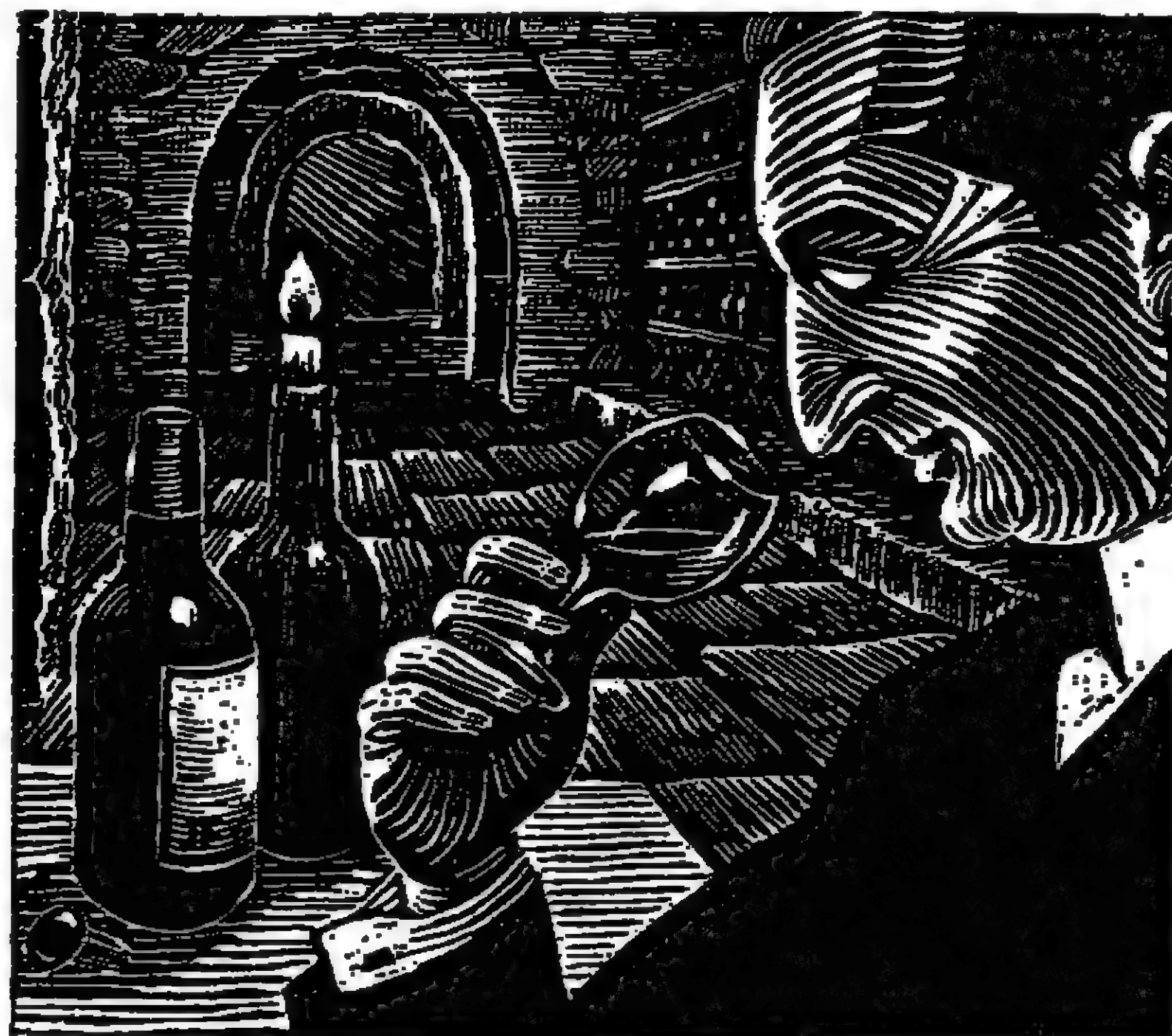
tion of DOCG the maximum yield has been reduced to 56hl per hectare, but the more successful growers make less. Biondi-Santi produced only about 25 hl.

The position may be eased by an exceptional permission in 1988 to plant another 250ha of vineyards that were previously destroyed. The area will be distributed among existing properties, with up to 20ha for the Biondi-Santi family, the American-owned property of Villa Boni and six or seven for the traditional family concern of Barbi.

Secondly, six months is to be knocked off the wood-aging time. Even more helpful was the creation of the DOCG of Rosso di Montalcino in 1984. No wood-aging is required, and the wine may be declassified from a young Brunello, with bottling in the September after the vintage. Production averages 20,000hl.

In addition a few companies, including Barbi and Barbi produce DOCG Chianti; and Barbi also makes Pecorino cheese and sausages and salami. There is some distinctive *vino da tavola*, notably Altesino's Palazzo Altesino, partly fermented by the carbonic maceration method, and therefore drinkable within a few years, and also their Alte d'Altesino which is 30 per cent Cabernet-Sauvignon and 70 per cent Brunello. They share the single vineyard of Montecapoli with Biondi-Santi and Capozzo, and from a 30hl-per-hectare yield market a very concentrated wine, with big colour and rich bouquet. Another *vino da tavola* matured in Italian oak barrels, is Carmignano's Castelvetro; and Barbi has an oak-aged Brunello.

Just as the red wines of the Côte de Beaune differ from the Côte de Nuits, so the Brunellos made to the north and west of the town differ from those of the south. The northern ones, among them Altesino, Capozzo, and Frescobaldi's Castelvetro



condo and Constanti are inclined to be more tannic, but have more finesse. These tend to be more alcoholic, rounder and earlier-maturing. At a tasting of Poggione wines in their cellars in the hill-top village of St Angelo in Colle, overlooking the lovely Val d'Orcia, I tasted the best Brunello in my life: the '88 Poggione, from the private cellar of the president, Signor Piero Talente. It had a very good colour, and lovely perfume, and a wonderfully rich, concentrated flavour with firm acidity in the background and a very long taste. A great wine. It was produced before the DOCG came into force in 1980 and had had only two years in wood and one in bottle

before sale.

The finer wines are rare in Britain, but a few specialists may have appreciated their quality. The two leading merchants are Winecellars, 153-155, Wandsworth High Street, SW18 and Valvona & Crolla, 19, Elm Row, Edinburgh. The former has the excellent wines of Altesino and Capozzo, and the latter a considerable range.

The relative absence of these wines here does not imply that they are anything but successful. All have very healthy export markets, principally in Switzerland and Germany, followed by USA. Altesino exports 40 per cent of its production. The best vintages are 84, 71, 75, 77,

78, 80, 82, 85. Many in the Montalcino and well as in other parts of Tuscany believe that 88 may turn out 'the vintage of the century'. Bibendium, NW3 has Talente's own Brunello 84 and 85 at £13.80 and £14.75 respectively as well as the Rosso 87 and 88, both at £13.75. Justerini & Brooks, London SW1, lists the Castello 88 for £14.75, and Tanners of Shrewsbury the Castelvetro 88 at £10.45.

When the Vino Nobile di Montepulciano was among the first of the DOCG wines to appear in 1980, people were impressed by the name but then disappointed by the wine: no more than a Chianti of the not very esteemed Senese (Siena) district, which the local growers continued to make alongside their promoted Vino Nobile. However, since my last visit four years ago, not only has some of the wine improved, but there is a new spirit abroad, led by the Consorzio which includes 114 of the 150 producers, 40 of whom bottle and sell their own wine, and there is a Carina Sociale (co-op) of 67 members. Quality is now the watch word.

Morale has been boosted by a similar DOCG to that given to Montalcino in 1984: a Rosso di Montepulciano that had been asked for as long ago as 1984, but was granted in time for the 1989 vintage. The grapes are the same as the Vino Nobile: 70-80 per cent Prugnolo Gentile, another clone of Sangiovese, 10-20 per cent of Canaiolo and up to 20 per cent of other authorised grapes.

The Rosso needs no wood-aging and can be sold from March following the vintage, although 10 growers have agreed to market a wine picked early to maintain the acidity, with a low-temperature fermentation and first release on May 1. The co-op alone sold 300,000 bottles of the 89. From the 720 ha under the DOCG 2m bottles are sold annually, but with increased demand this could be dou-

bled, as there is plenty of authorised vineyard land to be planted - but it costs £30m (£150,000) a ha.

One of the most successful growers said that although wine has been made around Montepulciano for centuries, the production of wines of exceptional quality only developed with the DOCG in 1980, and experience was almost totally lacking. Avignonesi, the leading company, made its first vintage in 1978. Swiss-owned Biondella made its first vintage under that control in 1985.

Vino Nobile has to have a minimum of 12.5 degrees, as against Rosso's 10. The former has to have a year in wood and one in bottle. The Riserva has an extra year in wood or bottle. Vino Nobile has the advantage over Brunello of being much cheaper and earlier-maturing. I sampled some excellent, easy-to-drink 88s. In a long line of Avignonesi wines the 86 was very attractive, but the best was their first vintage, a full-coloured, fruity 1978, still tannic with a clarity-bouquet, a Fassati 77 had a brown tinge but a fine old-wine aroma and flavour.

In Consorzio and other tastings the growers whose wines I found most attractive included Poliziano, La Casale, Contucci, Del (another new concern, started in 1983), Talente, which Barwell & Jones of Ipswich as agents and Fassati, Avignonesi, who have a shop and bar in the town's main street, are well worth a visit in this enchanting town. They also make Grifi (a griffin is the symbol of the town), from 85 per cent Prugnolo and 15 per cent Cabernet-Sauvignon, as well as a delicious *vino Santo* 82 bottled in half-bottles.

From lists to hand I find little more interest here in Vino Nobile than in Brunello. Sainsbury's at the Casale 86 at £5.25. Lay & Wheeler have the Fassati 85 for £2.30 and the Wine Society the same grower's 84 to be followed by the 85, at £3.45. But with the development of experience and the evident drive for quality, the reputation should grow. One should not be too impressed by the name, for they are but democratic wines writ large.

APPETISERS

HAVING BEEN ratched by guilt ever since omitting Robert Mondavi Reserve from a round-up of producers of fine California Pinot Noir in the spring, I was delighted recently to find the 1988 triumphing in a small blind tasting over a top-quality Nuits-St Georges 1985 from Chauvenet chosen by Justerini & Brooks as suitable matchmate, writes Janice Robinson.

The year 1985 was the vintage in which Mondavi finally got the hang of Pinot and the 1988 is even better, managing to put even a wine from Burgundy's world-famous Domaine de la Romanée-Conti in the shade at another comparison in London. Mondavi's Reserve Pinots are fairly widely available, especially at good restaurants where they can provide useful drinking with a wide range of foods, even fish. Les Amis du Vin of 51 Chiltern Street, London W1 has the 1985 at £11.40 and 1988 at £15.60.

WHATEVER is Sainsbury's trying to tell us? Two of the most arresting wines the supermarket grower chose to show to wine writers at its annual tasting recently are Sainsbury's 1989 at £2.75 is from, according to the label, "Domaine BORDES." Like all these usefully inexpensive, Gascogne wines, this one has excellently refreshing acidity but it is also so aromatic and almost floral that it might almost be a Sauvignon. It should be drunk as young as possible.

The word "Palmeira" is emblazoned on the new 1989 vintage of Sainsbury's landed Portuguese red Grapes da Beira, probably one of the fuller-bodied bargains from this vintage, at £4.45. The wine is full of ripe, almost sweet fruit with more than a hint of oak and a velvety texture very slightly reminiscent of Port. To drink or cellar for a year or two.

TESCO, the supermarket chain that pioneered the custom of printing "Best Before" dates on its own-label wines, is planning to provide us with even more information. It is not only extending the range of (usually young and inexpensive, often white) wines for which the Best Before dates are given, it is also planning to include on the label information about the "units of alcohol" contained in its own-label wines, beers and spirits.

A unit of alcohol, it has now been decided, is 8gm pure alcohol, roughly equivalent to a single measure of spirits in England and Wales (1/6 gill), half a pint of bitter, lager and about a third of a bottle of average-strength table wine.

This information may come as a shock to some consumers - but of course its efficacy will be limited to those who actually see the label. Those who pour their Tesco gin and whiskey into a decanter will save their guests realising not only the provenance of their drink but also the full extent of its potential damage to the liver.

ONE WAY of dramatically cutting alcohol consumption is to buy wine by the half bottle. This practice is gaining currency and the range available is widening from the dreary old standbys. A wine merchant which specialises in selling really fine wine in half bottles is T & W Wines of 31 King Street, Theford, Norfolk, tel 0842-765646, which, not surprisingly considering its location, also specialises in mail order.

YOGHURTS now occupy yards of supermarket shelf space. They may be set, stirred or strained, made from the milk of cow, goat or sheep, skimmed or with added cream, bursting with unpronounceable bacilli and flavoured in all sorts of ways.

Think healthy, think yogurt? Think again. Children's yoghurts, always fruity, never plain, their cartons bedecked with "fun" characters - all the better to attract young customers - may not be the virtuous pudding alternative food parents imagine.

A recent survey of top brands carried out by *The Food Magazine* found them to be laced with added sugars, the equivalent of 1½ to 2½ sugar lumps per pot in some cases.

What is more, only two out of six yoghurts tested contained real fruit. The answer, surely, is to make or buy good plain yogurt and to add fresh chopped or crushed fruit yourself - the more fruit and the less sugar the better for you and the better the taste.

When Arabella Boxer's *Mediterranean Cookbook* was first published in hardback, yogurt sales were in their infancy in the UK. The thin, sharp stuff that was all we could buy was no substitute for the native product so deliciously used in the savoury dishes of the eastern Mediterranean. For this reason Arabella Boxer's recipes in this book sometimes suggest draining yogurt for a couple of hours before use to thicken it a little.

The advent of creamy Greek-style yogurt at our shops makes this unnecessary these days, as she readily agrees, and as I discovered when making the first recipe quoted below, a dish so much to my liking that I have made it three times in a fortnight. Released recently by Penguin at £7.99, the *Mediterranean Cookbook* is full of pleasures from beginning to end. Even the cover boasts a ravishing sun- and fruit-filled painting by Henri Lebasque.

I love the book not only for

Cookery
Recipes with added culture

the recipes, but also for the understanding it gives about what unifies and what separates the eating habits of the 15 countries that border the Mediterranean, and for the pleasures and disappointments recalled in visits to markets all over the region.

At the Mercado di San Jose in Barcelona, Arabella Boxer was struck not only by the impressive range and quality of the fish, but by the fact that this market was entirely run by ladies "and I do not use the word lady by chance. No fish wives these, but superior-looking matrons such as one might find running a WI sale in aid of the Red Cross; complete with hair-dos, dark glasses, pearl earrings and twin sets protected by white plastic aprons, they were immensely efficient."

Compare this with the fish market she chanced on in Split. "The only market stall from a supermarket that I had been able to find in Yugoslavia, I fell on it with fervour, only to discover it consisted of 16 stalls, all selling sardines."

"Since it is hard to tell one sardine from another at the best of times, this seemed a

good example of the degree of personal choice that is considered reasonable in a communist country; hardly a paradise for shoppers."

YOGURT LU KEBAB

(Serves 5-6)

1½ lb boned leg of lamb; 2 flat bread; 4 lb tomatoes; ½ pt yogurt; 1 oz pine kernels; 1½ oz butter; 3 tablespoons olive oil; sea salt and black pepper; 2 garlic cloves.

Cut the meat into thin strips about 1½ in long. Cut the bread into small triangles and toast lightly, in the oven or under the grill, until pale golden. Skin and chop the tomatoes, not too finely. Drain the yogurt for 1 to 2 hours until it is the consistency of thick cream. Stand it on the back of the stove to warm slightly. Toss the pine kernels in half an ounce of the butter until pale golden; put aside.

Shortly before serving, start the actual cooking. Fry the strips of meat quickly in olive oil until just cooked but still slightly pink in the centre. Keep warm in their juices.

Toss the tomatoes briefly in 1 oz of butter, until just softened. Lay the toasted bread pieces on a warm flat dish, keeping back about one-third as a garnish. Spoon the tomatoes and their juices over the bread, adding sea salt and black pepper. Drain the meat and lay it over the tomatoes. Crush the garlic and stir it into the yogurt, then mix with the meat juices and pour over all. Scatter the pine nuts over the yogurt and surround with the remaining bread pieces. Serve immediately.

This dish needs no accompaniment although a green salad may be served at the same

time or afterwards.

PAFETON D'AUVERGIGNES Also from *Mediterranean Cookbook*, this makes a lovely first course.

4½ lb aubergines; 1 small onion; about 4 tablespoons olive oil; 1 garlic clove, crushed; 1 sprig thyme; 3 eggs; 4 tablespoons milk. Sauce - 1 small onion; 1 tablespoon olive oil; 2 oz butter; 1 x 14 oz tin of tomatoes; ½ teaspoon sugar.

Peel the aubergines and cut into cubes about ¾ in square. Pile them in a colander, sprinkling with salt, and leave for 1 hour. Then rinse and pat dry in a cloth.

Chop the onion and cook gently in the oil for 5 minutes in a saucepan. Then add the crushed aubergines, the crushed garlic, thyme, sea salt and black pepper. Cook for 15-20 minutes until all is soft, adding more oil as needed. Using a slotted spoon lift the vegetables into a food processor, discarding the thyme and leaving behind excess oil. Purée until totally smooth. Pour the purée into a bowl and add more salt and pepper if needed.

Beat the eggs with the milk and fold into the purée. Spoon the mixture into a buttered charlotte mould or soufflé dish and bake in a bain-marie for 45-60 minutes at 180°C (350°F) gas mark 4 until firm when pressed lightly in the centre. Turn out on to a flat dish to serve.

While it is baking, make a thick tomato sauce. Chop the onion finely and soften in the oil and butter. Add the tinned tomatoes, chopped roughly or crushed, and simmer for about 15 minutes, adding sea salt, black pepper and sugar.

Since the only weakness of this delicious dish is its strange colour, I like to pour some of the tomato sauce over the top to mask it, and serve the rest separately. Alternatively, the aubergine mixture can be baked for a slightly shorter time, 35-40 minutes, in a ring mould and served with the sauce in the centre.

Philippa Davenport

Food for Thought
Some liked it hot

LAST WEEK I received an invitation to the press-launch of what was billed as "the world's first Anglo-Indian restaurant."

The idea seemed a good one. British rule of India ended only just over 40 years ago and authenticity was by no means beyond the realms of possibility. For background information, I called

on a former Indian Army officer and his wife. They were born in India and stayed to work after independence. He recalled that before the war, very few Europeans encountered authentic Indian food. With the arrival of the memsahibs after the Mutiny, British households tried their best to reproduce English food with tins and ingredients bought locally, all jangled around by their Indian cooks. Doubtless a little spice crept in, but the result was a compromise.

This was the period of "sally soup," "anchovy posh," "roast bastard," and "unda" (boiled unda being Hindi for egg). More permanent fixtures in the now discarded Anglo-Indian culinary vocabulary were burrowed stew, curry chutney, and most famous of all: mulligatawny soup.

Before the war Indian hosts were careful not to feed European guests on anything hot (I recall a meal at the house of the Pakistani Ambassador when the cook had tactfully prepared a cauliflower cheese for the tender-stomached). For most English people their only encounter with Indian food would have been at the tail end of some princely wedding; even then most pecked at the huge, layered pilau, avoiding the hotter dishes.

Not for nothing did Trotsky call war "the engine of history." In the field most regiments dispensed with their

English cooks and messed with their men. When the war ended, independence was granted there was more fraternisation with Indians. In the 50s English people in India began to acquaint themselves with real Indian food. Even those fortresses of Anglo-Indian culture, the Bengali, Madras and Bombay Clubs began to change tone when more Indians were admitted, and the food changed with it.

My informant assured me that the best place to taste real



Anglo-Indian food is the Oriental Club in London.

Besides the clubs, the best places to experience it were the railway stations and the overnight stops called circuit houses or dark bungalows. Here you got mulligatawny soup - not the fire water of southern India but a mild curry soup - chicken curry and an inevitable caramel custard. In the dark bungalow, a scrawny chicken would be strangled to make "country captain." With the Anglo-In-

dian curry came side dishes of peanuts, bananas, tomatoes with mint and onions, chutney and curried marmalade with vinegar says my informant. Chilli sherry - chillies macerated in sherry - was sprinkled over every meal. On Sunday the memsahib might ask her cook to prepare a mild pilau with chopped mutton and sultana. Neither at home nor in railway restaurants such as Bradshaws or Spencers did the two cultures meet.

So what is the Anglo-Indian restaurant Chutney Mary offering? Not, you'll be pleased to learn, the curry powder and sultana curry of school, college, canteen and mess days. Instead you'll find Memsahib Lacy Cutless (lamb rissoles), Mutton Louvers from the Christian Indian community, Kerala mutton stew, a throwback to India stew introduced by British priests but more highly spiced.

From the Anglo-Indian range come potato chops (lamb chops coated in masala), country captain and salmon kitchari. For pudding there is authentic carrot halwa with rabri Indian clotted cream. Some of it looks like glorified nursery food and for those who can't quite manage the novelty, there are the old favourites like rogan josh and tandoori lamb chops.

Chutney Mary is anxious to push its wine list, although strictly speaking the claret and Madeira (the latter, born in heat, behaves well in hot climates) came after the Anglo-Indian meal. Beer was the staple meal-time drink of the Raj and remains the best drink for spicy food.

Is it authentic? Well up to a point, but where's the chilli in sherry?

Chutney Mary, 535 King's Road London W10. 071-351-3112.

Giles MacDonogh

THE RUSSIANS have dominated the Manila International, an important step in the global elimination series to decide who meets Gary Kasparov or Anatoly Karpov for a single international of 64 players with Swiss system ratings.

Thus the 11 top finishers from Manila will compete in the first round of 1991 candidates matches, along with Spielman, Yusupov and Timman who were defeated semi-finalists and finalists in the latest candidates. The seven winners from these matches will be joined by the loser of this autumn's Kasparov-Karpov series in the quarter-finals. It is a convoluted system, although it is in the tradition of the world chess championship, which has been decided by matches rather than tournaments since 1986.

The main interest in Manila has been the performance of the new crop of teenage grandmasters. Joel Lautner of France has done best, while Britain's 18-year-old champion Michael Adams began well faded. This is good news for Kasparov and Karpov, who both followed Bobby Fischer with winning international debuts.

The inconsistent form of Britain's number one, Nigel Short, has become a mystery. In 1987, Short seemed to have all the credentials for a realistic Western challenger to the two Rs. He was then 22, ranked third in the world, and had played well against Kasparov in a rapid chess (one hour per game) match in London. But since then, Short has slipped down the world ratings due to an expensive habit of surprise losses to weaker opponents.

Short began badly at Manila, but then recovered strongly with a run of five wins from six games, the best by any player in the middle rounds of the tournament. With three rounds left he was only half a point behind three Russians tied for the lead, and it looks touch and go whether he will be eliminated from the tournament, or score a brilliant success. Defeat would put him out of contention for a match with Kasparov until 1996 when Short will be the wrong side of 30, surely too late for supreme honours.

White: N.D. Short (England). Black: R. Hubner (West Germany).

By Lopez (Manila 1990). 1 e4 e5 2 Nf3 Nc6 3 Bb5 a6 4 Bxf6 Nxf6 5 O-O Bc7 6 Qe2. The Worrall Attack, a sound and less analysed variant than the normal book move 6 Re1. 6... b5 7 Bb3 O-O 8 c3 d5.

Ch d'Yquem

1983 - Apart from bottles and 1/2s from this marvellous vintage (considered the finest since the legendary 1847), I have a few of the VERY RARE IMPERIALS - 8 bottle size.

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CHESS

This gambit can be dangerous if White goes for a pawn win by 9 exd5 Nxd5 10 Nxe5 Nf6, but as this game shows there is a concealed weakness in the black position.

7... f7 and h7. Instead the classical formation 8... d6 9 h3 Nc5 10 Bc2 c5 11 d4 Qc7 gives Black an equal game.

9 d3 Bb7 10 Re1 Re8 11 Nbd2 Bb5 12 a3!

The key to White's ensuing plan is to maintain his bishop on its best diagonal rather than have it driven back to c2; equally Black should have played Na5 at move 11.

12... Na5 13 Bc2 c5 14 b4 Nc6 15 exd5 Nxd5 16 Ne4 cxd4 17 Ng5!

Suddenly Black is in dire trouble. His d5 knight is pinned while White threatens 18 Qb5 with a double attack on f7 and h7.

17... b6 18 Qb5 h5g5 19 Ng6 Qd5 20 Qd5 Nc5 21 Qd7!

A pleasing geometric coup which brings the queen to h5 with tempo gain and forces Black to shed more material to avoid mating threats.

21... Bc6 22 Qb3 Bc5 23 d4 b5.

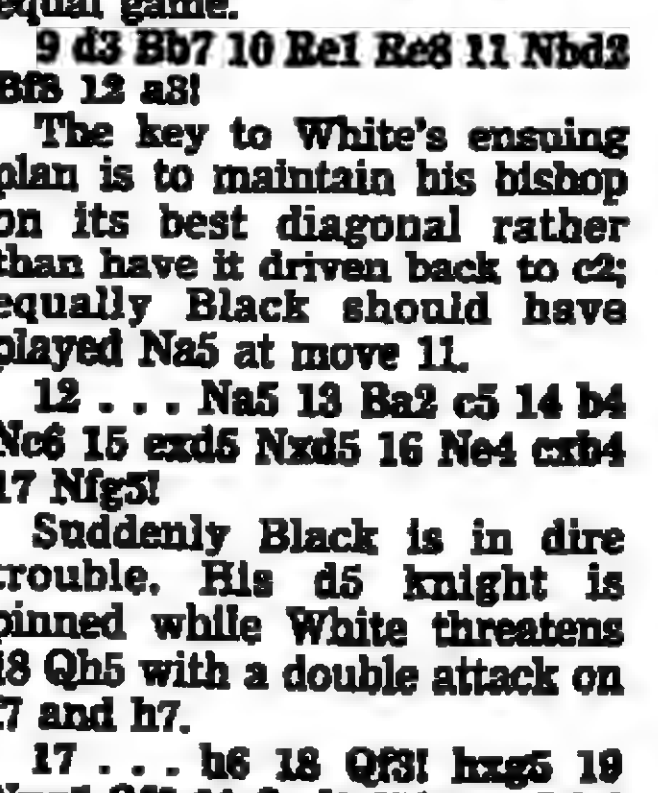
If exd4 White mates in two by Qh7+ and Qh8.

24 Bxb3 Bb6 25 Qh7+ Kf8 26

Re2 Bc7 27 Re2 Bc5 28 Re2! Re5 29 Re2 Bc7 30 Nc7+ Kg8 31 Nc8+ gxf6 32 Re2+ Kg7 33 Nc6.

White is two pawns up but the better position, so Black just plays until the move 40 time control before resigning.

34 Bc2 Bc5 35 g4 Bc3 36 Rxd5 Rxd5 37 Bc3 Rb3 38 Bc2 Rb3 39 d5 Rb4 40 Bc5 Kf8 41 d6 Resigns.



White mates in four moves at latest, against any defence (by G. Sutterlin, 1951). White is two pieces ahead and the black king is trapped, but the snag is that the obvious 1 Bc4? concedes a stalemate draw.

Solution Page XVII

Leonard Barden

PROBLEM No. 329

BLACK 6 MEN

7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

White 6 MEN

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

North dealt at game all and started the auction with one diamond. South responded with one heart, North rebid two spades, an excellent choice. When South jumped to four spades North said four no trumps, and after the response of five clubs bid six hearts.

After some thought, West led the ace of clubs. This was an unfortunate choice, as it set up the declarer's king. West continued with another club, East's 10 losing to the king. Declarer, after a brief survey of the position, decided to draw trumps with queen, knave and king. He then made the dia-

mond ace and ruffed a diamond in hand. He crossed to the ace of spades, cashed the diamond king and queen, but found that East still had the knave. His last hope was the finessing of the spade knave - that was wrong.

At trick three South must cross to the diamond ace, and ruff a diamond, cash the heart queen, and cross to the king. When both defenders follow, he can afford to ruff another diamond with the knave of hearts, cross to the ace of spades, draw the last trump with the ace, and dummy is good.

The second hand occurred last week in a rubber - here is No time to Draw.

W ♠ 10 8 7 4 ♠ 9 ♠ 10 4 ♠ 9 2 ♠ A Q 9 6 ♠ 5 ♠ K J 6 2 ♠ Q J 9 7 ♠ 8 ♠ K 8 4 3

E ♠ 5 3 2 ♠ J 6 5 4 3 ♠ J 10 7 2 ♠ 5 ♠ K J 6 2 ♠ Q J 9 7 ♠ 8 ♠ K 8 4 3

BRIDGE

opened with one heart, and North jumped to four. West led the spade queen. Nine tricks were there for the taking; and the 10th would depend on picking up the heart queen.

Which way should I finesse? Suddenly, I saw the light. There was no need to touch trumps. I took the spade lead with my ace and crossed to the club king, returned a spade to my king, and crossed again to the ace of clubs. I switched to diamond, cashing ace and king, and had six tricks in the bag. Now I cut-shift: with the nine of spades, West won, and led back the diamond knave. East overtook, and cashed the queen of clubs, and led the diamond 10. This I ruffed with the eight of hearts. West overruled with the queen, dummy's king won, and the contract was made.

West, of course, should have discarded the spade knave, but by that time I could count his hand for four cards in spades and three in each of the other suits. The percentage play was to finesse West for the heart queen - I would still have got home.

E. P. C. Catter

Property

A brighter outlook for quality and design

WHY SHOULD anyone pay a premium for a new house when second-hand ones are getting cheaper by the day? That has been the question that has made 1990 a puzzling year for housebuilders across the country.

The answers have ranged from the traditional, if rather flimsy, argument about the subjective pleasure of knowing that no-one else has had an opportunity to slam the doors or scuff the paintwork before a positive kaleidoscope of innovative new ways of improving the comparative quality of new over old homes.

Safety and security are fast becoming sales aids. Ideal Homes, for instance, plans to fit smoke alarms in all its homes following the National Housing and Town Planning Council's comment that domestic fire deaths could be halved if alarms were installed in every home.

Physical standards of building work have been improved over the years. Few new homes today can compete in terms of the solidity of the construction materials used on a surviving Edwardian or Victorian family house.

But the quality control and new building insurance schemes of the National Housing Building Council (NHBC) has been giving homes built in the past 20 years the edge over many of the now fast deteriorating homes produced by the volume housebuilders in the 1950s and 1960s.

From August the NHBC's remit to offer building control services is extended to include buildings up to eight storeys high as well as conversions and multi-use properties. More bathrooms and better room layouts to allow for changed patterns of household use help the new stand apart from the old. And agents and builders are beginning to jump onto the ecology bandwagon.

In the rarified, but evidently

filtered, atmosphere of homes in St John's Wood, north west London, agents Aston Chase find that the greenhouse effect can be drafted into use to sell properties as buyers start to take a greater interest in air conditioning systems.

Homes with air conditioning now attract more interest than homes without, is the theory, although as the Heating & Ventilating Contractors' Association (HVCA) reports, residential buyers only account for around one per cent of air conditioner sales in the UK.

Higher building standards

on a year on householders heat bills and reduce the country's CO2 emissions by 4 per cent. It is only a matter of time, therefore, before housebuilders get around to the marketing ploy of arguing that it is not merely more cost efficient to buy new, but that it is also far more ecologically sound to snuggle inside a Tudorbethan town house than spend your money on the real thing.

That implies an interesting test of marketing skills as the "green" housebuilders go into battle with green protesters trying to prevent builders from

comes from internal figures produced by Royal Life Estates. These suggest that sales volumes and achieved sale prices of homes are down by significantly more than any of the commonly used year-on-year price indices suggest.

Royal Life Estates this year overtook Prudential Property Services with the country's largest estate agency network. Its competitor checks show just how hard the estate agency business has been suffering in the past eighteen months as targets for home sales have been missed by spectacular margins.

Brian Gladwin, managing director of Royal Life Estate, would hope that his 800-plus offices would handle 200,000 home sales in an excellent year. Last year the network completed 61,000 sales. That compared to 39,500 for the near equal-sized Prudential Property Services, 38,000 by the Black Horse Agencies - which is just over half their 1988 total - and 33,000 by Hambro Countrywide, which sold 71,000 homes in the previous year.

A near halving of sales volumes through the main national estate agencies supports the view that, far from a ten to 15 per cent cut in average property sale prices in the past 18 months, real price cuts may have been as high as 30 to 40 per cent; the full impact of the reversal having been masked by the parallel slowdown in sales.

Given the preponderance of price-flexible older properties in the market, and the comparative lack of price flexibility on newly-built properties, any such setback in resale values generally will make it impossible for builders to compete on price terms. That only leaves them scope to compete on quality and design, so the price fall of 1990 bodes well for building standards and designs through the rest of the decade.

acquiring additional land. Even in the decline the housebuilders are maintaining their lobby pressure to ease planning restrictions to release more land for development in the medium and long term.

However, against the background of stories of building land in the south east being offered at 50 per cent of book values set 12 months ago, the very last thing that builders will want in the next few months is any suggestion that their land's scarcity value is weakening.

Sharply lower site costs would help to bring new home prices next year more into line with older properties, especially in the south east where the land element can commonly cost 40 to 50 per cent of the total price of a new property.

But few of those land sales come to the open market since no one on the borrowing side of the industry is keen to worry lenders into thinking that their security has fallen along with sales volumes. Evidence in support of that scale of land value decline

John Brennan looks at the challenge facing marketing men and housebuilders as house prices continue to fall

have ensured that new homes do have better insulation than old ones. But the National Energy Foundation, formed to promote energy awareness and the efficient use of power, reports a large amount of domestic heat waste. The Foundation has launched a National Home Energy Rating system designed to provide buyers with an accurate indicator of fuel running costs.

Assessors trained by the Foundation will work out the energy rating of homes on a scale of 0 to 10 and issue a certificate to show how efficiently the property conserves heat. A home built under the 1990 building regulations, would score around six on this scale but, as Dr Mary Archer, chairman of the foundation, says: "We calculate that in the UK today something in the order of 10m homes have a rating of below four, with more than 3m homes under two. There are hardly any properties which could score 10."

The foundation estimates that a single point increase in the rating scale for every home in the country would save £1.8



Herstoncoeur Castle: the historic estate is on offer on the international market for conversion into a leisure development

Estate doubles its asking price

A STORY of public department inefficiency lies behind the announcement that the former home of the Royal Greenwich Observatory, Herstoncoeur Castle, Sussex, is for sale at more than twice the price the Science and Engineering Research Council (SERC) got for it two years ago.

In 1948, when the 15th century moated castle was bought by the Admiralty to house the Royal Greenwich Observatory, it became the private fief of successive Astronomers Royal until Mrs Thatcher's cost-cutting unit run by Sir Derek Rayner estimated in 1983 that closing Herstoncoeur would save an initial £3.2m and running costs of £450,000 a year.

In August 1989, when Ian Tegg, a private property developer of whom few had heard, put in a sealed bid of £2.1m to SERC's agents, Knight Frank and Rutley, he never expected to win the tender.

"I was at my utter limit. My bank would only lend me £2m, but I knew the castle was worth £2.5m, and I thought it was a waste of time. In the event, there were only 10 bids."

One bid was higher than Tegg's but was not acceptable to the SERC. Three weeks after the closing date had passed, a group of scientists associated with TV astronomer Patrick Moore put in another bid of £1.4m, but this was rejected.

Ian Tegg, 42, began his career with Morris Oddy, an estate agent in Wallington, Surrey. By 21, he was a manager of one of

its 14 branches, and two years later a partner owning 50 per cent of the equity. In 1974, he became a developer, later being joined by his accountant, Harvey Lea.

Their company, James Developments, based at Westerham, Kent, specialises in restoring and converting older houses. Their biggest project before Herstoncoeur was the conversion of Shepleigh Court, a Grade II listed house in Devon, which was General Eisenhower's war-time headquarters while the D-Day landings were being rehearsed at nearby Slapton Sands. They bought this from the Ministry of Defence and converted it into flats and cottages in 1988.

Their original proposal for Herstoncoeur was to convert the 140-room Grade II listed castle into 21 apartments and to build a golf course in the park.

"I expected it to be a £15m investment, but I now have a much more valuable planning permission for a £70m development," claims Tegg.

All he has got, however, is a letter from A N Brown, the planning officer of Wealden District Council, giving his support "in principle" for a scheme to convert and extend the castle as a 120-bedroom luxury hotel, and to build a leisure club, an 18-hole golf course and clubhouse, and 60 corporate lodges for business entertaining.

Jochen Schaefer-Suren, regional vice-president of Meridien Hotels, a subsidiary of Air France, says that he has a letter of intent from James Developments appointing Meridien to manage or super-

vise the whole estate, including the hotel, the corporate lodges and the golf club. Ian Tegg claims that, after he had bought the castle: "The RGO's parting shot was to remove and sell three of the finest historic doors in the south range, together with a 17th century iron-bound chest that was an integral part of the history of the castle."

Over the past two years, Tegg has repaired the castle and extended the estate to 531 acres by buying adjoining farmland, to allow a golf course designed by golf architect Bradford Benz to be built.

Earlier this year, the National Audit Commission criticised SERC for selling the castle before investigating higher bids, for not obtaining planning permission for development, and for not sharing in the increase in value that a purchaser might obtain from development.

"The House of Commons could order an inquiry into the sale," admits Tegg, who is the innocent party in the present controversy. One profitable sideline he discovered at the castle was that a company comes in every day to grow lilies on a pond in the grounds and pays him 50 for each bloom, which it then sells to London hotels, restaurants and clubs. "In the summer, we can produce 600 blooms a week," says Tegg.

The agents are Savills (071-730-0822) and Sotheby's International Realty (071-408-5196).

Michael Hanson

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GARDENING

An alpinist's green fingers

Robin Lane Fox marvels at the powers of the gifted gardener and visits one in the Cotswolds

ARE GREEN fingers a myth? Are there really people for whom plants will grow happily and if so, why? I like to believe in them. They turn a science into a relationship, facts, as Lord Clark once put it, become art through love.

I have just seen one of the older sets of green fingers. They belong to Joe Elliott, the well-known Cotswolds nurseryman, who raises a complication. Are green fingers hereditary?

Joe Elliott's father was himself a great plantsman and an influential nurseryman. Clarence Elliott ran the famous Six Hills Nursery near Stevenage where the giant form of cat mint I still grow and recommend originated.

His fingers, I suspect, were emerald green, particularly when they went near alpine plants. Stone slinks, plants in troughs and roses from high mountains were a few of his specialties. The fingers passed to his son.

In the Elliott family, the garden has a comforting dimension. Some

of its plants are extremely old, going back 60 years to when Elliott junior was a schoolboy.

Stone troughs, an ideal home for rare alpine plants, have long been a family trademark. At Broadwell Nursery, which Elliott junior owns, two troughs have a superb filling of alpine Ramondas with open-faced flowers of lavender blue. One trough is slightly better, with good reason - father Elliott and son collected the plants half a lifetime ago on a trip to the Pyrenees.

In another sink, there are some remarkably old plants of the silver-leaved saxifrage. They have directly rooted into pieces of worn tufa rock where the best of them is 60 years old. Joe Elliott first planted it as a boy and has carried it with him in the upheavals of moving

house.

If you live long enough, you can usually turn garden wisdom upside down. Beyond the troughs I was puzzled by a handsome green tree, about 8ft high and oddly familiar. It was a miniature form of elm which had been sold in the belief that it would not exceed 3ft. Life in the unfettered setting of the Elliotts' garden had allowed it to go way beyond the limit and make a nonsense of expectations.

Where do the green fingers show? I always look for them in other people's unheated alpine houses. At Broadwell, the benches of two modest glasshouses contain the spectacular rarities with which Elliott junior has so often won prizes at shows. Like easy violas, his forms of Campanula Morettiana are

smothered with the flowers which inspired such fantasies among alpinists in Edwardian England. Seedlings of little Gentiana Verna are coming up like cress and the primulas are marvellous. Ordinary green netting shades the glass and apart from some good grit, there seems to be no special magic.

When I try to grow these things, I fiddle about, trying to water them with a very fine rose from the can. Joe Elliott has no such problems: every so often, he sprays them with his hose. Watering is supposed to be the key to expert gardening. Perhaps experts have an expertise with these hoses, but the state of these Campanulas is the reason I believe in fingers with a vivid touch of green. It is not a total mystery.

If I was a plant, I sometimes

think that I would be an awkward snow-hating alpine from the shaded side of a rock on Mount Olympus. None the less, I would grow for Elliott - he seems so calm about it all. I have often noted this personal dimension which the handbooks never discuss. Able gardeners are often firm and relaxed. They are not at all bothered that they may not be doing something special or correct at exactly the right time. Like animals, plants seem to recognise authority.

There are dozens of Elliott introductions. In his Broadwell garden, there is also a marvellous form of a small hardy geranium, probably with subcaulescens blood. It has an exquisite hint of apricot to its many flowers. It was produced by a fellow-nurseryman who was no bus-

ness man but since 1947, it has refused to increase, even for green fingers. I had the sensation of looking at a new star and knowing that there is probably no way in which you or I could transfer it. We could, however, try the yellow-flowered Roscoea, the small forms of Lychnis and a bold form of dianthus called Joan's Blood. They all enjoy life at Broadwell among aquilegias with variegated leaves.

Perhaps you admire alpinists, but want a rather bigger tip. Here, this sharp-eyed plantsman delighted me by his choice of a small tree. He had planted a gold-leaved form of Ptelea which had made a round head with short branches about 12 ft high. In as many years, it had grown to cover itself in little heads of scented flowers. Buy the gold one if you can

plant find it, otherwise, watch out for green-leaved Pteleas which are also charming if you encourage them to make a main stem.

Maybe it is making you green, not just at the fingers, but all over with envy. If so, you can visit too. Joe Elliott opens his garden once a year (usually in June) for the national scheme. He might even show you his personal coffin. It is an Anglo-Saxon stone coffin, big enough for a warrior to whom the Great Empire had shown the final yellow card.

Typically, it has been filled with rare alpine plants, rooted into bits of ancient tufa. They do not look as if they would mind if the owner eventually slipped underneath to give them his assistance. When green fingers die, is it not entirely natural that they should go to push up gentians, leaving daisies to the rest of us?

Joe Elliott is not revealing his plans. I suspect that well-rotted bone meal, fresh from the nurseryman, not the nursery, might even be his final coup.

The most English country garden

Brympton d'Evercy in Somerset has received deserved publicity through a new award. Arthur Hellyer set off to find the rural retreat

FOR WHATEVER purpose they are given, awards of the year are most appreciated when they introduce something that would probably otherwise be missed. That was why I was pleased when the very first Garden of the Year award made by the Historic Houses Association (HHA) in collaboration with Christie's, the fine art salerooms, was given to Heale House in Wiltshire.

Although this delightful place is quite close to Salisbury, it is so tucked away in a cleft of the River Avon in the little village of Woodford that I would have been unlikely to discover it for myself. It is a fine house in a perfect setting, with some good garden design by that under-estimated architect, Harold Peto, some inspired planting by the wife of the owner, and the most authentic and imaginatively-placed Japanese tea-house I have seen anywhere in Britain.

Christie's and the HHA have given half a dozen awards since then to fine gardens that I already knew, but this year they have come up with another stunner that meant absolutely nothing to me until the award brought it to my notice.

It has a name fit for a beauty, Brympton d'Evercy, and it is lost in the lanes around the village of that name in Somerset between Yeovil and Montacute.

When, on the outskirts of Yeovil, I inquired the way, the young lady I asked said it would be easier to direct me to Montacute, which also had a fine garden. I explained that I knew Montacute and was looking for Brympton d'Evercy. She directed me but somehow I arrived at Montacute. I tried again, was again warned how twisty the lanes were, but this time I arrived without a hitch to find a truly beautiful group of buildings all of the local Ham stone.

In addition to the mansion and the usual outbuildings, there is a 14th century church, a priest house, and a clock tower. Christopher Hussey, the great expert on British country houses, wrote of the group that he knew "none of which the whole impression is more lovely; none that summarises so exquisitely the English country life."

That was in 1927, when the gardens that weave around these buildings, binding them into a united whole, were enjoying one of their good periods. The mansion was occupied and the gardens controlled by Violet Clive, sister of the owner, who spent most of his life in Japan. She had a deep feeling for plants and a genius for associating them. By mid-century she was to have the additional inspiration of friendship with Margery Fish and Phyllis Reiss,

who were busy planting, with equal imagination, at nearby East Lambrook Manor and Tintinhull. But she preceded them in these arts.

When she died it all went to pieces, and for 18 years Brympton d'Evercy was a school. By the time Charles Clive-Ponsonby-Fane and his bride, Judy, came to live in it in 1974, they found grass growing up to the walls and little of value left in the garden, except a few specimen trees.

Now it is delightful once again - not as a recreation of what was there before, since no planting plans remained, but in a way Mrs Clive and her gardening friends would almost certainly approve. It is not in the least ostentatious and does not seek to impress with rare plants. But, as Hussey so well described, it again exquisitely summarises English country life.

The lawns are green and smooth, the flower borders are filled to overflowing with all the right shrubs, roses and perennials, and the walls are draped with good climbers, kept under close control, so that they neither damage nor obscure.

The old trees have been given the skilled surgery they required, and the worthless ones removed, and carefully chosen newcomers planted, with quite an emphasis on coloured foliage.

Among them all, if you are

sharp-eyed and know trees well, you may spot the largest specimen of the Chinese privet, Ligustrum lucidum, that I can recall having seen anywhere. If you think of privets as being common suburban shrubs, this one will widen your outlook. It is a dome-shaped tree of moderate size with shining evergreen foliage and makes a very beautiful specimen.

But, although there are trumpet vines and abutilons, and even a totally unexpected and unexpected fascicularia, a rare bromeliad from Chile (which Mrs Clive must surely have brought home from one of her many travels and somehow has survived the lean years), the greatness of Brympton d'Evercy does not depend on the unfamiliarity of its plants but rather their suitability for the place.

There is also a thriving vineyard planted as soon as the present owners arrived, with two of the best grapes for the English climate, Muller Thurgau and Reichensteiner. It is neatly tucked in beside the pleasure garden, from which it can be viewed but into which it does not intrude. In a good year, it can produce 2,500 bottles of an excellent light wine.

The garden and house are open on the Easter weekend, and then daily from May 1 until September 30, except on Thursday and Friday, from 2pm to 6pm.



Tony Andrews

The manor and surrounds of Brympton d'Evercy, winner of the 1990 HHA-Christie's Garden of the Year award

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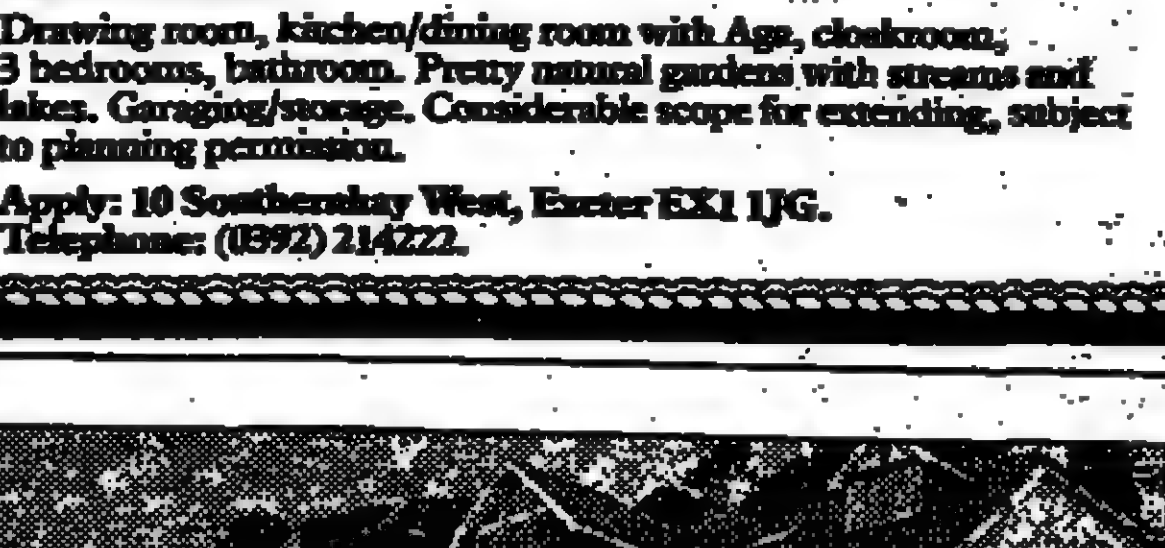
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BOOKS

The respectable rebel

Anthony Curtis looks at a new biography of a remarkable woman

BERTHE MORISOT was one of the original six French painters who exhibited their work in Paris in 1874 as Impressionists. The other five were Degas, Monet, Renoir, Camille Pissarro and Sisley. As Anne Higonnet, the American author of this biography of Morisot, points out it was remarkable at that period for a woman to establish herself as a painter at all, let alone an Impressionist.

The few women who painted professionally tended to be models and to become the mistresses of painters, women like Manet's model, Victorine Meunier (who posed for the central nude figure in *Le Déjeuner sur l'herbe*). At a time in France when young women were thought of as belonging to one of two types, either as *femmes honnêtes* or as *filles publiques*, women who hung around painters' studios tended to be assigned to the second category. (The gradations from common prostitutes at the lower end of the scale to the *grandes cocottes* at the top may be studied in the fiction of Maupassant and Colette.)

While it was perfectly acceptable for a well-brought-up girl to learn to sketch and paint, as she might also learn to sing and play the piano, to become an artist full-time and offer her work in

the market-place was quite another matter. Morisot's triumph was to combine the hitherto irreconcilable roles of artist and *femme honnête*. Not only did Morisot succeed in gaining acceptance as an artist within her own respectable family circle, she also won the right to be consulted on equal terms with her male colleagues.

BERTHE MORISOT: A BIOGRAPHY
by Anne Higonnet
Collins £17.50, 240 pages

Manet painted Morisot on at least seven separate occasions and gave her advice about her work, but she was never his mistress and in his portraits of her she always remained fully clothed in fairly conventional poses. In one she is holding a bunch of violets, in another she is hiding her face completely behind an open fan, in a third, known as *Repose*, she is languishing at her ease on a sofa. Even this caused a stir when it was first exhibited, and eyebrows were raised also at her appearance in his major painting, *The Balcony*, with two other figures, one male and one female, in an enigmatic grouping. What is arrest-

ing about both these latter pictures is the blazing sense of defiance in her eyes, an expression matched in a photograph of her at this period.

As a painter, Morisot became part of a defiant group led by Degas and Monet, rebelling against the restrictiveness and painterly conservatism of the Académie which controlled the all-important Salon, the fashionable and influential annual show to which wealthy purchasers flocked. Morisot was not wholly averse to its outlook but she preferred to throw in her lot with painters who were forming an alternative to it, based on technique (a revolution in the way of applying paint to the canvas), on marketing (the emergence of the art dealer in the shape of such characters as Paul Durand-Ruel) and on aim (to be above all the painters of "modern life" - in the words of that scourge of the Salon, Baudelaire, acting as an art critic). Seen from our standpoint, nearly 100 years after her death in 1895, Morisot's life appears a fascinating mix of the traditional and the modern. In 1874 when she was 33 she married Manet's brother, Eugène. He is best known today for serving as the model for the male figure on the right, with the outstretched arm and the walking-stick, in

Le Déjeuner. Though a dilettante, he proved an admirable husband for Berthe and they had one daughter, Julie Manet, whose diary has been published fairly recently. Morisot adored her daughter and painted her often. She provided her mother with a continuing commitment outside her work. Even after her marriage Mme Manet continued to be known professionally as Berthe Morisot. She was a pioneer of the liberated woman of today, but she stayed a member of the French bourgeoisie, possessing private means, ensconced within the closed domestic world of Pissarro, still bound by emotional and moral ties to her family. She painted *les femmes mystères* of her own middle-class world with delightful immediacy, as may be seen in her canvas *Summer Days*, of two elegant women out for pleasure in a boat, now in the National Gallery, London. Whatever may be Morisot's historical importance in the story of women's emancipation and in the history of Impressionism, her work remains palpably there, full of life and still to be enjoyed. Anne Higonnet deals with both the work and the life most informatively. She is not the most fluent of writers, but of her mastery of her subject there can be no doubt.



Berthe Morisot's self-portrait of the artist as a young woman.

A moral victory

Andrew St George assesses America's war of manners

FIGHTING THE Americans at Saratoga in October 1777 suited General John Burgoyne's aide-de-camp: "This campaign is a favourite portion of life and none but stupid mortals can dislike a lively camp, good weather, good claret, good music and the enemy near." Burgoyne's British surrendered that month to the Americans whose General thought the setback would teach England - "the obstinate old slut" - some manners. It did.

Burgoyne had come south from Quebec with 30 carts of uniforms and personal possessions, paused in Boston to write a show at Faneuil Hall, and now had unwittingly staged the defeat which turned Parliament against the war for America. From Saratoga to the final surrender at Yorktown in 1781 is a litany of British discord and a catalogue of American pragmatism. The war found the British and German professionals dispersed along the east coast unable to gather themselves for action; and it saw the American volunteers suffused with the spirit of George Washington. Washington outlasted the British through the sharp New England winters by resilience in repose and fairness in battle.

This was a war between individuals who led by influence and example. The brilliant French General Marquis de Lafayette had trained Washington's force at Valley Forge and returned to Paris to head the National Guard in 1789. Sir Banastre Tarleton, whose androgynous beauty - painted by Joshua Reynolds - belied his vicious mien, massacred the Americans at Charleston; he boasted of butchering more men and sleeping with more women than any other soldier. But the war also gave voice to the efforts of lawyers, writers, diplomats and propagandists. Thought was not free; words were answered with lives.

Christopher Hibbert mixes redcoat colour into his accounts of the battles, listens to the voices of Burke, Fox, John Jay and the dying Chatham in London, and unblinkingly records the horrors of fighting a harsh foreign

campaign. He enjoys hindsight on the war's confusions, delighting in the arrival of French fleet at Rhode Island to flirt with the English ships like America's Cup hopefuls. But *Redcoats and Rebels* speaks seriously of this war as Michael Herr's *Dispatches* does of Vietnam. Hibbert sets the stupidities and cruelties of the British regulars against the reasonableness of Americans who were private citizens drilled as professional soldiers.

The individualism in service of a community interest later helped the drive West as America discovered itself. But the War of Independence highlights American traits in a context which makes their origins understandable. Principled faith in the law was scrupulously upheld by Adams and Quincy who defended the British troops accused of the 1770 Boston Massacre; and by the First Continental Congress of 1774, of which lawyers formed

REDCOATS AND REBELS: THE WAR FOR AMERICA 1770-1781
by Christopher Hibbert
Grafton Books £17.95, 375 pages

half. The famous "taxation without representation is tyranny" was coined by a Boston lawyer and wittily misrepresented by Dr Johnson as "taxation no tyranny." An equally principled faith in commerce is born out by the career of Paul Revere, the Boston silversmith and orthodoxist who turned dispatch rider in 1775 and then Navy defence contractor. The war also casts up uncomfortably familiar British patterns. The British lost because they underestimated the problem; Lord North and the Parliament tended to complacency while Lord Cornwallis and his Generals succumbed to the distance from home. By 1781, even those who thought the colonists wrong had reconciled themselves to ending the conflict. Gibbon lamented that no reasonable man could entertain hope of success in the British campaign, and concluded: "It is better to be humbled than ruined."

The church, meanwhile, attempts to straddle the whole population. God is projected as the higher ideal that can unite French Belgians and Flemish Belgians. Yet it can only do so at a price. Within the fraught conditions of pre-war Belgian politics Catholicism too is a ritualistic ideology, with its own

THE SORROW OF BELGIUM
by Hugo Claus, trans. by Arnold J. Pomerans
Viking £14.99, 609 pages

propaganda. And because of this, it prepares the way for Hitler. Hence "the sorrow." The point is made by the "Apostles," a secret society led by Louis at his school. Their aim is to attain holiness, yet the rites they invent lead to an act of symbolic sodomy.

Love, as well as every other emotion, is as twisted as the politics. Louis and his family live necessarily corrupt lives. There are no "heroes," nor are there any heroines. All of Claus's characters are tarred with the brush of human nature. One by one they are shown to be creatures of compromise. And yet Claus's world is peculiarly lyrical, at times even ecstatic. The central relationship within the book is between Louis and his mother. She is, as one would predict, the holy whore. People may not merit our love, but they get it nonetheless. The prodigious effort that must have gone into the writing of this novel is proof of that.

Justin Wintle

The day the Presidency was bought and sold

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Fiction
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OBSESSION MAKES for good fiction. Reason goes out of the window, instinct is all. The more staid the sufferer and absurd the cause of his suffering, the more poignant his situation. *Love and Death on Long Island* is in a direct line from *Lolita* and (as the title hints) *Death in Venice*, and comparisons with Nabokov or Mann are not out of place.

Brief, pure, intense, and as almost ludicrously desperate as all tales of impossible love must be, this novella is about the feelings of a middle-aged widower, a distinguished writer, rich, stuffy and "boringly heterosexual" for an actor in American films about motor-bikes and the pop world, with titles like "Hotpants College" and "Tex-Mex."

Pastidious and self-conscious, keeping the world at bay ("Saying no... has always been my forte"), Gile has kept clear of the cinema; but one day he finds himself, by chance and by mistake, at a film of appalling tediousness, in which he sees, briefly, a blond boy. The obsession comes quietly at first; then, when he discovers the boy's name and finds videos of his films, he spends hours watching him, every second re-run, hoarded, remembered.

That the setting for Ronnie's perfect beauty is so vulgar, so banal, doesn't matter. Gile is trapped, and, when he learns that Ronnie (who, in fact, is 20) is about to get married, he packs his bag for the Long Island town where he is living. They meet, and at first Gile enthalls Ronnie with his knowledge of every frame, every gesture, in his films. But how can such a thing end?

As such things must, Ronnie's beauty will soon pass, and what inner life could they share? Everything divides them, not just age and education, class, tastes, the past, but the future and their expectations. With perfect poise and

poignancy, in a shimmering, cold prose, Adair puts across the impossibility of passion, the best and humiliations of passion. The writing is masterly, the conjuring of contrasting worlds a triumph.

Muesli at Midnight, a first novel with no strong central theme, needs first-rate writing to carry, rather than be carried by, a whimsical plot. Well, it gets it. The writing is not just amazingly good, but seems

LOVE AND DEATH ON LONG ISLAND
by Gilbert Adair
Helmhorn £10.95, 138 pages

MUESLI AT MIDNIGHT
by Aidan Mathews
Secker & Warburg £12.95, 288 pages

FELLOW PASSENGERS
by Louis Auchincloss
Constable £11.95, 223 pages

practised, all throwaway wit and dank, dark, provocative thoughts on (mainly) religion and sex. Action is minimal, except in the mind of Theo, a medical student bicycling round Ireland with his girlfriend, Felicity, and a skeleton to raise money for cancer research. A lubricious pair, their talk (and, still more, Theo's inner talk) has an almost Joycean richness.

That the rich are different from the rest of us Louis Auchincloss deftly proves whenever he writes. *Fellow Passengers* is subtitled "A Novel in Portrait" but is no such thing. It is 10 short stories, strung along the narrator's life, and the narrator is just such a rich and, in the American sense, aristocratic narrator as Auchincloss has always been, both fictionally and factually. It is "old money" he deals with, everyone's place

in the pecking order exquisitely calculated; and, although there is a basic kindness in the narrator's eye as he looks at aunts, cousins, friends, colleagues, social climbers - he is in the social band of the very rich and smart - he is sharp-eyed, as well as benevolent, and sometimes chilling (rather than chilly) in his summing-up.

Even the luckiest can plunge into psychological black holes: the upright, enviable couple produces a psychotic, criminal son; the social climber, apparently so successful, kills himself. Others suffer secretly; most, on the face of it at least, survive. It makes excellent reading, likeable and urbane.

Isabel Quigly

The great sorrow

THERE'S THIS dream I used to have at college. I'd been reading a book for about a year and I'd think, surely it's about time I got to the end of it? But when I checked I'd discover I was still nearer the beginning than the end. The reason I want on reading the book was that it was terribly good.

The Sorrow of Belgium restored this dream to me. Hugo Claus's novel is terribly good, just as it is terribly long. Already translated into several European languages, it has, since its first publication in 1983, acquired a formidable reputation on the Continent. The word is that Claus is something of a match for James Joyce.

The comparison with Joyce is not altogether fair. *The Sorrow of Belgium*, with its razor-sharp ambiguities directed largely at the institutions of Catholicism, is reminiscent, in style as well as content, both of *Dubliners* and of *A Portrait of the Artist as a Young Man*. Where it differs is in its scope. It is the sort of novel Joyce might have gone on to write had he not chosen to turn instead down the arcane road to *Finnegans Wake*.

The Sorrow of Belgium is at once a portrait of a family and the unmaking of a small boy's adolescence. Louis Seynaeve is 10 when the novel opens, in 1939, the child of a Flemish printer who later collaborates with the Nazis after Belgium has been occupied. His mother also collaborates, and in more ways than one.

Claus divides his book in two. The first part, "The Sorrow," consists of 27 chapters. Some of these explore Louis' many relatives; the others describe his school, and the nuns who struggle to mould the boys in their charge. Each is embellished with the hyperactive imagination of the novel's protagonist. Fact and fantasy intermingle promiscuously. Louis is destined to become a writer.

Part Two, "Of Belgium," takes the Seynaeve family through the war in a single, unbroken, 400-page thrust. Towards the end we learn that the whole novel has been "written" by Louis himself. This of course is mere conceit. No 18-year-old (Louis' age at the end) could possibly accomplish what Claus has accomplished in *The Sorrow of Belgium*. It does, however, provide the author with a way out of the human hell that he builds in the book.

The troubles do not begin with the advent of the Ger-

mans. Belgium is a house divided against itself. On the one hand, a Francophone government and a high French culture; on the other, the thwarted aspirations of Flemish nationalism. It is because Hitler promises to fulfil these aspirations that many Flemings turn to the pan-Germanic ideal. In a sense, the defeat of Hitler also becomes the defeat, or a defeat, of Flemish culture.

The Church, meanwhile, attempts to straddle the whole population. God is projected as the higher ideal that can unite French Belgians and Flemish Belgians. Yet it can only do so at a price. Within the fraught conditions of pre-war Belgian politics Catholicism too is a ritualistic ideology, with its own

The day the Presidency was bought and sold

ROBERT LUDLUM TREVAYNE

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True voices of Ireland

WHEN ONE of the writers in this anthology was introduced to his prospective in-laws, a French family of the *Académie Française*, as a poet, the reaction was one of disbelief: "Poet? I did not think such a profession still existed!" Well, it does in Ireland, and this selection of work by 36 living poets is a timely celebration of that fact.

Of course, most Irish poets, like the editors of this volume, combine poetry with some other occupation: Peter Fallon is also a publisher and a farmer; Derek Mahon is also a critic and a screen-writer.

THE PENGUIN BOOK OF CONTEMPORARY IRISH POETRY
edited by Peter Fallon and Derek Mahon
Penguin £6.99, 462 pages

Both, like the other 34 in the anthology, also give poetry readings - not just in Ireland, but in London, Paris, New York and on the American college circuit. Readings are not always lucrative, but they are important in giving poets con-

tact both with their readers and with each other. In Ireland, readings are popular, easy-going events, with plenty of opportunity for informal chats before and after. Some poets, notably Seamus Heaney and Paul Durcan, are received with an enthusiasm normally generated only by pop stars.

This activity seems to have a salutary effect on the words on the page, steering Irish poetry away from the Hermeticism and preciousness that render so much modern poetry unreadable.

Fallon and Mahon have limited their selection to Irish poetry after Patrick Kavanagh (1904-67) and Louis MacNeice (1907-63). They represent two contrasting characters in Irish poetry after Yeats - the stubborn stay-at-home (Kavanagh) and the glamorous exile (MacNeice). Contemporary poets, as the editors' introduction points out, are more likely to be "commuters" than exiles, returning to Ireland whenever possible, while those that stay are no longer parochial. Seamus Heaney, the best-known, and deservedly so, of his contemporaries, is not, however, a dominant influence on their work. One of the great pleasures of this collection is the diversity of accomplished and assured poetic voices it contains - urban, urbane, pastoral, feminist, mystic, ironic, witty, elegiac and always lyrical. Some directly deal with the legacy of Irish history and the Troubles in the North, but the best transcend any local context by expressing some universally-relevant reaction to contemporary life. This is living and accessible poetry.

Alannah Hopkin

Spark that caught

THE SOVIET illustrated weekly *Opengok* was founded in 1923, and for more than 60 years it remained a model of total subservience to the Party line.

Glasnost changed all that, and under the editorship of Vitaly Korotich, *Opengok* (which means "small flame") has, during the past three years, become a beacon for the country's liberal and democratic forces. It has also achieved a circulation of more than three million.

The present selection reflects the radical nature of this transformation. Since the magazine examines many of the darker aspects of Soviet reality - from rising crime rates to alcoholism and prostitution - it often makes sombre reading. But it also represents investi-

gative journalism at its best, and because of its probing of sensitive issues, such as the links between organised crime and a corrupt government

THE BEST OF OPGONYOK
edited by Vitaly Korotich and Cathy Porter
Helmhorn £9.95, 224 pages

apparatus, or the ugly recrudescence of anti-Semitism encouraged by extreme right-wing nationalism, it has often found itself under attack. So far, however, it has courageously resisted all attempts to close it down.

Erik de Mauny



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INDIA IN FOCUS

Where rails melt and tigers roam

Daniel Green learns about sex, bribery and cricket as he travels from the mountains to the sea along the railways of India

"RAUGH!" yells the hitherto placid young man sitting by the window. The sneeze lifts him off his seat as if he were an astral hopper, although he is actually a trainee company secretary.

The fat bald businessman opposite him says: "You must go to Rajasthan." "Ughargh!" belches another trainee company secretary, unimpressed by this advice to visit central India's medieval temple famous for its carvings of copulating gymnasts.

The businessman grins, open-mouthed like a laughing Buddha. He settles into a lotus position, his beachball stomach resting on his loins. His forehead shines with sweat. He looks left and right, surveying a small audience of fellow travellers. He takes a deep breath and announces: "The greatest wish of God is sex."

Only two hours into Indian Railways' 61,965-kilometre network and already there is no escape. India smashes at me and roughly pulls my gaze toward it. Carriage Eleven, the Rajdhani Express en route from New Delhi to Bombay, 17 hours, air conditioning and a pantry car. In the next 98 hours, on a dozen trains, I will have thrust upon me dignity and indignity, the soiled and the clean, the compelling and the repulsive.

Now, I am separated from the granulated countryside of Uttar Pradesh by two sheets of hermetically sealed tinted glass and 20 degrees C. An astringent layer of India's middle class mercifully, if temporarily, obscures the nation's rural poverty. Next to me, Buddha and the trainee company secretaries debate the late Bhagwan Rajneesh (he of the 85 Rolls-Royces) while the weatherbeaten railway engineer opposite scribbles notes on a huge sheet of paper.

The engineer has sent out a squadron of mechanics to run tests on one of India Railways' grandest locos, now hauling us southward. Barely noticed a small hunched man in a boiler suit scuttles into the carriage, up to the engineer and whispers in his ear. The engineer pulls his half-moon spectacles aside and silences the bickerers with a wave of his hand. "Train delayed," he says.

"Track melted."

The last of our number is a young Tamil accountant with a face of polished copper. The sag of his mouth, eyelids and moustache had anticipated bad news but would droop no further. He lifts his eyes and tells his head to one side. "Saboteur," acknowledges the engineer. "Naphtha train blown up ahead. Ten-hour delay." The Tamil empties a sachet of pepper into his tea and stares out of the window. The sun, with all colour drained from it by the hot-season dust, falls quickly towards the horizon. Buddha snores all night, drowning out the guttural exhalations of the trainee com-

is at the top of a peeling seven-storey colonial terrace. The ceiling fan has two speeds.

A few yards away, the lights of Marine Drive curve around the bay, past Chowpatty Beach to Malabar Hill, where the rich exact apartment blocks towards cleaner, cooler air. In the other direction is Churchgate station, through whose doors pass more than 1m souls a day.

Five minutes further is Victoria station, which serves southern India. It has an air-conditioned booking hall whose guards bar anyone who looks as though they could not afford a long-distance ticket. The deformed wait in the

to Mysore, a mere 26 hours further south.

I am the only client for the free guided tour of the baroque majesty of the Maharajah's palace at Mysore. Soon, however, a large middle-aged American joins me, golly-gushing the marble inlay work and cast iron columns (the latter made in Glasgow). In fact, the whole place was designed by an Englishman at the turn of the century for the docile Maharajah. His son opened the palace to tourists to pay for its upkeep.

The American is interested in other things. "Whurr urr yow styling?" she draws, wav-

"Are you of any... religious persuasion?"

"There's a guru there," she simpers, extending the "u" sounds. "He's more than a guru, actually, he's an aviator." "California?" I ask, eyeing her suspiciously.

"Monterey," she beams. "I'm here for three weeks to learn at his feet."

She strides towards me until her bulk fills my field of view. A gush of peace and love washes over me until the noisy arrival of four adolescent Indian teens stems the spate. They are local waits on a tour of Mysore and the Californian is paying their expenses. She attempts to speak a few words of Hindi to them, not realising that their language is Kannada. In the confusion I make my escape.

As I leave the palace I am, as usual, descended upon by a band of trinket salesmen. "Now listen guys," I say. "In a couple of minutes there'll be a fat blonde American and she's got lots of money." The hawkers thank me. I do not wait for her to appear.

Wealthier Indians like a little ersatz colonialism. Even the Indian-English language seems frozen in the 19th century. A story in a newspaper reads: "Police yesterday nabbed four persons who broke into a house and despoiled it with cash and jewellery on Wednesday."

Street notices proclaim an "exhibition-cum-sale" in a local hall. There is even a town called Farrukhabad-cum-Fategarh, no doubt the Choribon-cum-Hardy of India. Ask directions in the street and you may well be told how many furlongs you have to go.

The trip from Mysore to Mangalore looks irresistible on the map. A new line has been built to 4,000ft across the thickly forested Ghat mountains to the cashew-exporting capital of the world, Mangalore, on India's west coast.

On the four-hour steam train journey between Mysore and Hassan, where there is a four-hour wait for the connection, I fall in with a railway auditor.



His sorry lot is to travel the wooden benches of local trains to isolated stations and plough through their triplicated paperwork. He seems, in common with many other Indians, to prefer an intellectual conversation with an Englishman to his work.

We chug through the rice paddies of south Karnataka state in a drizzle of black dust from the mobile coal-fired power station up front. In Hassan, he insists on buying me lunch and to regale me with the glories of the mountain rail route to Mangalore. He speaks of the bridges and tunnels, of the landscaped garden at the station at the top, of the lions, tigers and snakes in the surrounding hill-country (although there are no longer lions outside north-west India) and of a lifetime with the

Railways. So I dig out the Scotch from the bottom of my pack and press it upon him. He accepts my offering modestly and leads me by the hand to the front of the train. Minutes later, piled with sweet tea from the engine driver's Thermos and standing on the footplate, I ascend by single track into the rainforest.

Leaning against the non-veg auxiliary tea stall at Madurai station, I watch a huge-jawed Australian heave himself into an overcrowded second class carriage. There is little to recommend the hardship of hard seats. You meet plenty of real Indians whichever class you travel, and those in the upper classes speak better English. Moreover, as Indian Railways points out, if you travel second class you can see more of the

local of the only seat he can afford. On the last leg of my journey, from the temple town of Madurai to Madras on the Bay of Bengal, an elderly and excitable telecommunications manager recites the names of English cricketing heroes to me. "I have been following county cricket since 1940," he pants. When he runs out of names he switches to European countries but keeps repeating "Latvia" and "Bulgaria" while his arms flail about as if exploring a braille atlas. His colleagues look impressed.

At Madras he accompanies me, stooping slightly as he walks, to the auto-rickshaw rank to make sure I am not overcharged. He waves goodbye as I talk-talk into the morning post-bag.



Beyond the Ghat mountains, Kerala fishermen harvest pomfret and crab from their lagoons

pany secretaries. It is not the noise that keeps me awake, or the bulging bunk above me. It is sympathy for the unfortunate women upon whom he chooses to inflict his religious beliefs.

At six, the sun rises from a ocean of blood. The Rajdhani Express pounds down the Arabian Sea coast, past former French and Dutch colonies and on to the island of Bombay. The brown semi-desert has become the greenery of a rain-washed coastal strip. Northern India is becoming southern India.

In Bombay, I am unable to resist staying at the Chateau Windsor guesthouse. On the door at street level an old man in an old uniform salutes me raggedly. The hotel elevator has a notice: "Servants may not use the lift unless accompanied by children." My room

street for passing Brahmins to drop a cheap coin into their palms. Many of the beggars are professionals whose parents mutilated them to increase their income. By giving, the Brahmins help ensure they will be reincarnated once more into the highest of the Hindu castes.

The railways are one of the world's biggest bureaucracies, but the armies of checkers, stampers and their managers make travelling by rail hygienic, safe and, inevitably in India, largely predictable. On long journeys, attendants ply travellers with vegetable cutlets and green coconut chutney. If you want a meal, you specify whether veg or non-veg and the attendant cables your order to the next station along the line. The food burns my lips but is clean, convenient and about 30p a meal. I eat six such meals en route

ing aside her blonde curls. I like this question because I can show off my discovery. The Officer's Retiring Room at Mysore railway station is one of the world's great overnight stops. It consists of a stone-floored and arched-ceilinged bedroom, a bathroom with hot and cold water and a separate dressing room. It has air conditioning and two (single) four poster beds. Two double doors opposite each other open to a long balustraded balcony which curves around outside of the room. One side overlooks the station courtyard and the other runs above platform one. My wake-up call is the first steam train of the day. The price is 75 rupees (\$2.50) a night.

She does not look impressed. So I ask her accommodation. "At the ashram," she says nonchalantly. "Oh yes?" I enquire, swallowing the bait.

The spice of life in Kerala

A DARK MAN entered the synagogue in Cochin. He walked to the ark, crossed himself, put an aluminium coin into the collection box and sighed. Looking around, he saw me - a perspiring European sitting on a banquet - and said: "You look like a Christian, sir."

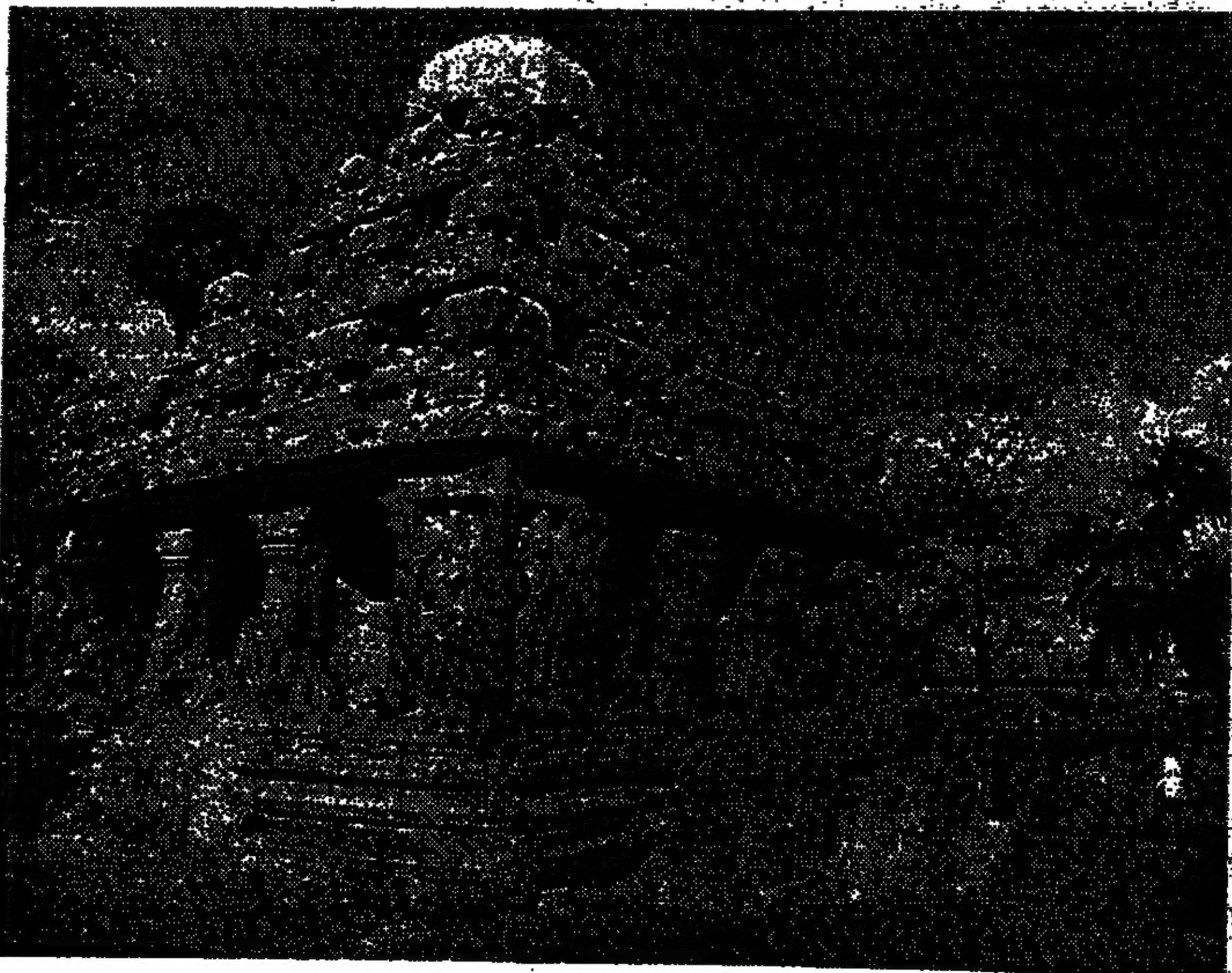
It made a change. The simple "What religion are you?" is a more popular opening gambit. It is a sensible question in Kerala, a south Indian state where Protestant and Catholic churches, a mosque and a Hindu temple are within a few minutes' walk of the synagogue.

That morning, a Sunday, I breakfasted to the sound of mass drifting across the isthmus that links Cochin's natural harbour with the Arabian Sea. On the far bank, a coconut grove hid all but a few shards of reflected light from the whitewashed walls of a church.

Just up the coast is a colony of Syrian Christians, said to have arrived in 52 AD and claiming to be more genuinely Christian than the Pope. Some Jews arrived around the same time (also escaping from the Romans), although they may have arrived five centuries earlier (escaping from the Babylonians) or seven centuries later (escaping from the Christians).

Hindus and Muslims are there, of course, but most just passed through. Buddhists, Arabs, Chinese, Romans, Portuguese, French, British and Dutch have all left their mark. They did not come for the coconuts. Kerala is also known as the Malabar coast or the Spice Coast. The western Ghats divide it from the rest of India and the 350-mile coastline provided easy shelter for the world's mariners. For millennia, Kerala has exported pepper, cardamom and cashew nuts. Keralans are rich, by Indian standards. Their houses are made of stone and their roofs are tiled.

A few decades BC the Romans discovered the secret of the seasonal monsoon wind, and then known only to Arab traders. They built the port of Muziris to supply the empire with spices. Centuries later, when the Goths laid siege to Rome, part of the ransom was several thousand pounds of pepper. Muziris is now an inland town called Cranganore. Geological changes have made Cochin, 18 miles south, the region's port.



Seashore temples of the south east were carved in the seventh century from single boulders

Under today's fat red dawn, Cochin's landlubber fishermen haul down the huge levers of their Chinese fishing nets. They never go to sea, for the square nets are attached to a simple frame at one end of a teak tree trunk. To catch fish, the net is repeatedly dropped into and prised out of the water. They ask tourists for tapes of heavy metal music.

Kerala is rightly famous for its lagoons and beaches, but Kerala culture is almost invisible. The local museum is full of the artefacts with which foreigners paid for their spices. They include mugs stamped with the crest of the East India Company, Chinese rice bowls and continental furniture and musical instruments.

Keralans did not trouble themselves to make much. But what would you do if cash crops fell at your feet? In the Cochin Cultural Centre, they dance. They put on fancy dress and make-up which takes two hours, and then perform Kathakali dance theatre for up to eight more. Each show is a story consisting of thousands of identifiable movements, each with a specific meaning. Now there's a society with

time on its hands. The invaders eventually came. Until the 18th century, and first contacts with Moslem rule from the north, Kerala women were naked from the waist up. This primitive behaviour shocked the ruler of Mysore, Tipu Sultan, who reigned on the other side of the Ghats. His efforts to civilise Keralans still embarrass the Indian Government this year a television series on Tipu - who is a folk hero for having died fighting the colonial British in 1799 - was cut because it was explicit on Tipu's domination of Kerala.

Keralans do not hold this episode against the Moslems. They seem to hold very little against anyone and there is no sign of the sectarian strife that plagues some north Indian cities. Their laid-backness can cause problems for the untaxed. The local ferry that took me through the lagoons to Cochin crashed into a jetty and knocked a large lump of concrete into the water. A small crowd gathered to examine the crushed timbers of the prow, and the boat eventually limped onwards. The relaxed atmosphere is

infectious and I was quite unfazed by the boat accident. I was used to it, after an auto-rickshaw ran into the back of my taxi in New Delhi, and a diversion on my first train journey because of an explosion a few days to begin to grasp the entertainment potential of really determined passivity.

Scene: Western (four correspondents) arrives in Espakulam, a busy town on the mainland opposite the Fort Cochin peninsula. He has just spent eight hours on an accident-prone ferry and two in a bus. He enters the lobby of the mid-priced Woodlands Hotel.

Western: Do you have any air-conditioned rooms? Hotel manager: No problem. W: Single? H: No problem. W: Can I see the room? H: We have two. [H shows W first room, which has no A/C.] W: Where's the A/C? H: No A/C. W: But you said you had an A/C single room. H: We do, but they're full up. [Silence. Fade.]

Daniel Green

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INDIA IN FOCUS

High points in low places

There are alternatives to trekking the Himalayas' more spectacular heights, as David Housego discovered

IT WAS when we crossed the final ridge before descending to Dhanaulti and the snow began thickening on the road that I abandoned all hope of our four-day trekking holiday in the Garhwal, the Himalayan ranges to the north of Delhi. From the car window all we could see were banks of cloud through which the wild red rhododendrons which cover these hills in March flashed like ominous warning signals.

When we arrived, Rahul and Renu Sharma were waiting in the middle of the road at Dhanaulti, a hamlet on the drive above Mussoorie. They had come to see whether we were stuck or lost after hearing that a landslide had blocked the road. The mule they had arranged stood shivering their heads from the wind.

For more than a year we had wanted to do the four-day trek following the ridge from Dhanaulti to Nag Tibba. You see the ridge rising above the Garhwal hills from Mussoorie like an outer wall guarding the white peaks of the high Himalayas that lie beyond. For mountain lovers the trek is one of the most accessible from Delhi, and little known. March is the perfect time to go, but we had not counted on this being one of the coldest and wettest winters north India has had in years.

Rahul and Renu Sharma are a brother-and-sister team who run a specialised mountain and trekking organisation, Adventures, that takes care of the guides, mules, tents, food and cooking that otherwise would take days to set in motion. The real test of any holiday service is whether

they can get you out of an unexpected mess in which weather or ill-luck has plunged you. I was already resigned to spending the four days huddled before a fire near Mussoorie to escape the damp and the cold.

Rahul immediately proposed two options. We accepted the first - a shorter trek through the Shivalik hills, the narrow range that seems like a footstool to the Himalayas. I had crossed them while flying to Dehra Dun, but knew no more about them than that much of the hills and forest had been incorporated into a wildlife reserve.

Thus, instead of spending our first night in a tent on the windy Garhwal slopes, we instead found ourselves in the house of Sir Edmund Gibson, a former Indian civil service officer who had decided to "stay on" after independence.

Shortly before he retired, he built himself the bungalow in 1940 on the edge of the forest and overlooking the Suswa river. When he died the house became the property of the Christian family that had looked after him - and which now let rooms to visitors.

From the terrace you look across what might be English parkland to the lights of Gurkha houses on the other side of the river.

Sir Edward was fluent in Persian, Urdu and Hindi and his presence still weighs heavily on the house through both the furniture and his old hand-wound gramophone and collection of records. We sat listening to a recording of the coronation

of George VI and Queen Elizabeth.

The following day we did a seven-hour walk across the Shivalik hills and through the Ramgarh reserve. Black clouds enveloped the Himalayas, but on these lower slopes the weather was clear.

Anybody who has not walked through jungle where tiger, elephant and leopard are at large will have difficulty in imagining the experience. There are many larger and better-known parks than Ramgarh, but in most you cannot trek for hours on foot. The Sharmas had organised passes and brought a guide.

As we climbed through forest tracks there was that sense of expectancy, of watching and being watched that only the jungle brings. Wild elephant had passed this way only a few hours before leaving a trail of torn bushes and broken trees. On a river bed there was the still wet paw mark of a leopard. We heard the anxious scream of the barking deer. Before us down a track a jackal strode out - and then darted back into the undergrowth.

We had lunch upon a ridge that looked down on an eroded landscape of dry ravines, of escarpments encrusted like ant hills and riverbeds in which dry driftwood twisted into bizarre shapes. On creepers nearby, langur monkeys watched and played. I was reminded of the pit in Kipling's *Strange Ride of Mahabharata* in to which creatures slide and are unable to climb back.

By late afternoon we reached an old hunting lodge, now a tourist bungalow, with views across the forest and the riv-



A guide, left, with Gujarati tribesmen

erbed. In almost any other part of the world the magic of the place would have ensured that it was booked solid, but there had been no visitor for days. One watchman guarded the lodge.

Electric fittings had been installed but the electricity had never been connected. The National Parks director was said to bring his own generator when he came. Before nightfall we went back into the forest on the back of an elephant. The wildlife reserve had bought one some years before when it had more ambitious ideas of developing tourism.

The advantage of moving through the

jungle by elephant is that you cut through the undergrowth but animals are not disturbed. Suddenly you see a sambar staring at you only a few feet away.

When we got back the Dhanaulti Lodge - built 1853 and restored 1956, according to a memorial stone - it had been transformed. Fires had been lit and drinks laid on a table outside. We went to bed listening to the screechings of wild peacocks and the more reassuring chunk-chunk of the night jar.

The third day carried us back across the Shivalik range and down valleys where Gujarats, Moslem nomads, had pitched their

camp and were grazing their buffalo. We camped that night by a dry riverbed in the warmth of what was almost a summer's night. It was a trek that lacked the splendour of the Garhwal hills, but I shall go back to the Shivalik range another winter.

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Rude awakening for a place of dreams

The 'hippy trail' resort of Goa is filling with middle-aged Westerners, writes Christian Tyler

GOA IS famous for its beaches. Very many of the middle-aged Europeans who have followed the hippy trail to the earthly paradise fall to make it the last few yards to the sand.

Instead they lie in sunbaked rows around the hotel swimming pool, reading novels, rubbing oil into their bodies, playing liar dice, becoming intermittently hot, bored and unconscious. At midday they heave themselves off the sunbed and lurch into the shade for a fatening lunch. After lunch it's back to the sunbathing until the sun expires, then down to the bar to take the brains for a swim. The married couples seem to have nothing left to say to each other, so they drink. The incentive tour groups from West Germany cannot think of anything to do, so they drink and shout until they are horizontal once more.

Apart from a pair of English honeymooners who rumpled all day like children in the surf, the liveliest holidaymakers I met were five well-built ladies from Tuva in Siberia.

They had paid 1,200 roubles each for a discounted package tour to Bogmalo Beach, a step up from the usual works outing to the Black Sea. "It's better than Sochi," said one. "But not much."

Goa is a beautiful, dream-like place gradually being devoured by the tourist industry. Its corruption began with the hippies who introduced xenophobia, drugs and crime and has continued with apparently uncontrolled building and land speculation. There is an active anti-tourist lobby. Not surprisingly, nude and topless bathers are regularly harassed. The police, judging from the one encounter I had with them, are there not so much to keep order as to separate you from your money.

Goans are proud of their identity - as well they might be - and

blame outsiders for their troubles. During a social evening in the little capital, Panaji, it was explained to us that there were no Goan criminals and that the last man to be hanged in the state was "some idiot from Kerala." I was unable to test the truth of this claim when I later discovered the jail nestled under the black Cyclotron ruins of Fort Aguada - itself a place of evil reputation.

It is the villages, rather than the beaches, that give Goa its special appeal. Until 1961, when the Indian Government seized the enclave back from the Portuguese, the villages were run on a communal system in which land was parcelled out by the elders. My guide book said this had undermined the whole economy of the place. But the consequences of the takeover are largely hid-

den from the casual visitor: his senses are flooded with the bright colours of painted houses and whitewashed chapels, the warm subtropical smell of vegetation, the gentle commotion of people and wandering animals. It is not much like India - indeed not much like anywhere but itself. Perhaps because of the strong Portuguese influence, I was reminded of those lush, semi-African islands off the coast of Brazil.

There are plenty of ramshackle buses crisscrossing the state and cars for hire; but for people easily bored with beach work, I recommend renting a motorbike. This is the way to soak up the atmosphere, out in the open, stopping as often as you please and with plenty of miles in your tank. Away from the capital there is little motorised traffic to

worry about and fewer police. As a foreigner you would be wise to take a crash helmet and plenty of documents: the police will certainly look for an excuse to stop you and extract a "fine."

On Sunday morning the village churches are packed with the Roman Catholic faithful, as in Italy or Ireland, the more curious worshippers hang about the doors or windows keeping half an eye on the proceedings inside. But the fount of this culture, old Goa, about 7km upriver from Panaji, is almost extinct. It is one of the great curiosities of the enclave, a sort of heritage park in which only the religious monuments survive: vast baroque churches ablaze with gold paint and one great bell which sends its deep and doleful note over the rubble of a once-great entrepot.

On the Sunday I visited the Basilica de Bom Jesus, about 100 people at mass were belting out the hymns in Konkani, their strange, half-Latinised language. After the service a queue formed at the side chapel where the twice-exhumed and now mummified body of St Francis Xavier lies aloft in a gilded casket. He has been put up out of reach of the trophy-hunters. Across the bare campus that used to be the main square is the cool white Cathedral of St Catherine de Se, and backing it is the Franciscan Church and convent. The church was empty: no chairs, no pews, no congregation. A woman was sweeping up pigeon droppings under the gilded altar and still-vivid frescoes. The convent is now a museum.

It is hard, even with such imposing relics around you, to recon-

struct the extraordinary wealth, the clamour and intrigue that must have characterised this important colony. Far easier to sense the air of decay and decline. Returning to the luxurious hotel at Fort Aguada via a back road, I passed the local up where people in rags poked among the burning remains. The air smelled of Bombay duck. It was a few minutes later, outside Panaji, that I was stopped by three cynical policemen who tried to take 500 rupees off me.

But if nowhere else, Goa's charm and vitality lives on in the villages. Across the river Mandovi (Jerr only), past the sprawl of villas and out into the country, I was stopped by another roadblock. This time it was a gang of about 20 boys. Their faces were daubed with red ochre and one of them was hanging a big drum. They, too, demanded money. Why? The question had them falling about with laughter. Today was the Hindu feast of someone or other. I paid over my tithe of a few rupees, had my forehead smeared with red, and roared off, my faith in human nature restored.

HOLIDAYS & TRAVEL

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Traveller's guide

From Page XIX

ton Ellis (Bradt Publications). It has much of use to the non-rail traveller too.

Each of the others has its pros and cons. *India in Luxury* by Louise Nicholson (Century), £10.95 or 135 rupees - £4.50 - in India) is good but in need of updating, while *Cadogan* (Cadogan Publishing, £2.95), *Frommer's* (Prentice Hall, £9.95) and *Fodor's* (Fodor's Travel Publications, £13.95) guides look out, just to the *Travellers* (Lonely Planet, £11.95). It is rightly the most popular among independent travellers, although its snug style makes its omissions the more irritating.

Return flights to India from Britain cost £350 upwards, rather more if you want to stay on the same plane all the way. In London, the Indian Tourist Office is useful for leaflets but little else. Do not rely on it opening on time.

Both Air India and SD Enterprises, which sells Indira Passes, are refreshingly efficient. Relish their speed, for there is little like it in the sub-continent. The enthusiastic Dr Dandapani, who runs SD, will help you organise a rail itinerary. He can book trains by telex from London, but allow a few weeks in the autumn/winter high season. He also stars in an endearing amateurish video with lots of good general advice for first-timers. Indira offices in India will also book trains.

For non-independent travellers there are around 90 operators of package tours. The classic short tour is Golden Triangle of New Delhi, Agra (Taj Mahal) and Jaipur (Mogul capital). They are a 30-minute flight from each other. Speedbird, Bales and others do this from London for 10 days at £897 upwards. Further upmarket, Serenissima does the Golden Triangle and adds on the erotic sculptures of Khajuraho, the Ganges at Benares, the Himalayas and a lecturer at £2,395 for 21 days.

As for a sub-continent, almost any type of specialist holiday is available. Beaches. The popular locations are Goa, Mahabaleshwar and Kovalam. More wildlife and fewer water-scooters are found on the islands of Andaman and Nicobar (Bay of Bengal) and Lakshadweep (Arabian Sea).

Rail holidays. The Palace on Wheels (American Express, Taj Tours, Tours to Remember) is an Edwardian (no air-conditioning) Maharajah's steam train that runs in winter to the desert palaces of Rajasthan. Butterfields books its own carriage onto passing

locomotives for a more down to earth trip.

Chamfleur-driven car. For £12 a day you have the fun of being a passenger in a Hindustan Ambassador - a 40-year-old design based on the Morris Oxford. Some models come with air-conditioning and digital clocks and some roads are better than others.

Religious. Hindu, Muslim, Buddhist, Sikh, Jain, Parsee, Christian, Jewish and animist cultural centres welcome foreign currency. Hard to miss anyway, but Interchurch Travel specialises.

Trekking in the Himalayas. Kashmir is popular, but curfew may keep you in your hotel. Try Himachal Pradesh, Darjeeling, Sikkim.

Also on offer are food tours (The Curry Club, Trichlers World), trout fishing (Explorers, West Himalayan Holidays), golf (Golf Link, Travel India), battlefield history (Major and Mrs Holt's Battlefield Tours), art (Prospect Tours), flowers (Rani Morley, West Himalayan Holidays), wildlife (Razafarika and others), botany (Coromandel), ornithology (West Himalayan Holidays) and skiing (Flamingo, Maya, Mike Waterman, Shi Moghul).

Some upmarket operators will put together whatever you ask them to.

A complete list is available from the Indian Tourist office, 7 Cork Street, London W1X 2AB. Tel: 071-437-3677/8. SD Enterprises is at 21 York House, Empire Way, Middlesex HA9 6EL. Tel: 081-903 3411.

Visas are required.

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Daniel Green

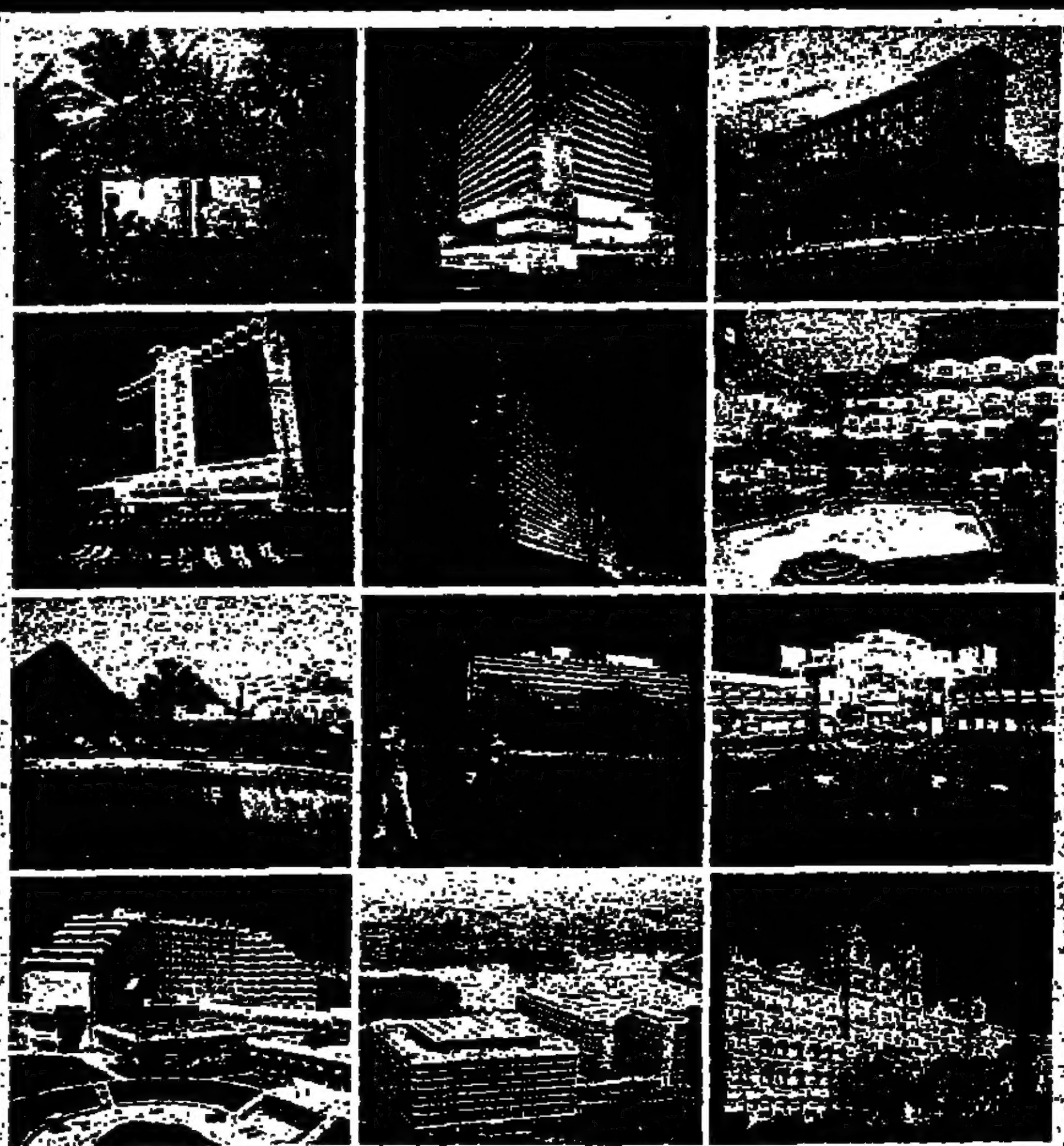
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SPORT

Golf: Lauren St John interviews dapper Aussie Rodger Davis, who explains how his 'reward theory' works; and Keith Wheatley breathes in the exoticism of the European women's tour

Gold on the greens

VIEWED objectively, any professional golfer who places a \$1,000 bet on himself at 35-1 to win the European golf tour Order of Merit might be thought to have scant regard for his bank balance. Rodger Davis cannot be accused of that. On the contrary, the Australian has given the matter the careful consideration he gives everything in his professional life, down to his monogrammed socks. "I did it because I believe I can do it," he says.

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months. Few top players have more than two or three victories in a year. Even Woodsman, who has also declared the money list his goal this season, will have to play exceptionally well in every other event to present a real threat to Davis.

All these things Davis has taken into consideration. When setting goals for himself he studies his statistics - number of fairways and greens hit, bunker shots and putts, and practices the things that he is falling down in.

"A lot of people who don't take statistics seriously would say that they were putting poorly. For example, I had 32 putts today. Except that's not actually the pattern because all their second shots they've hit 30 feet from

the hole and they can't one-putt. But if you actually go into your statistics then it frees you to set goals because you're actually working in the right area."

Oddly enough, Davis does not believe in setting specific monetary goals, so the Order of Merit doesn't come into this category. In the same way, he won't set himself a target score in a golf tournament.

"In an actual round of golf, I don't plan that I'm going to birdie certain holes. I purely and simply play each shot at a time and I've found that by doing that you can shoot 63. But if you think 'Well, I'll par the first two and birdie the third' and you start par, par, par, then you think 'Now I've got to pick one up.' You're putting stupid pressures on yourself, whereas if you play each shot at a time (and) you have a bogey, OK, you have a bogey. You might birdie the next hole."

At 30, Davis can be said to have crossed the boundary that separates the better player from the best.

"There are a lot of players on the tour who hit the ball as well as we do," he says, "but I think it comes down to mental toughness in the end."

Over the last three years he has concentrated less on physical training - though he still does some running to strengthen his legs - and more on mental training. His mentor is leading Australian sport psychologist, Dr Noel Blundell.

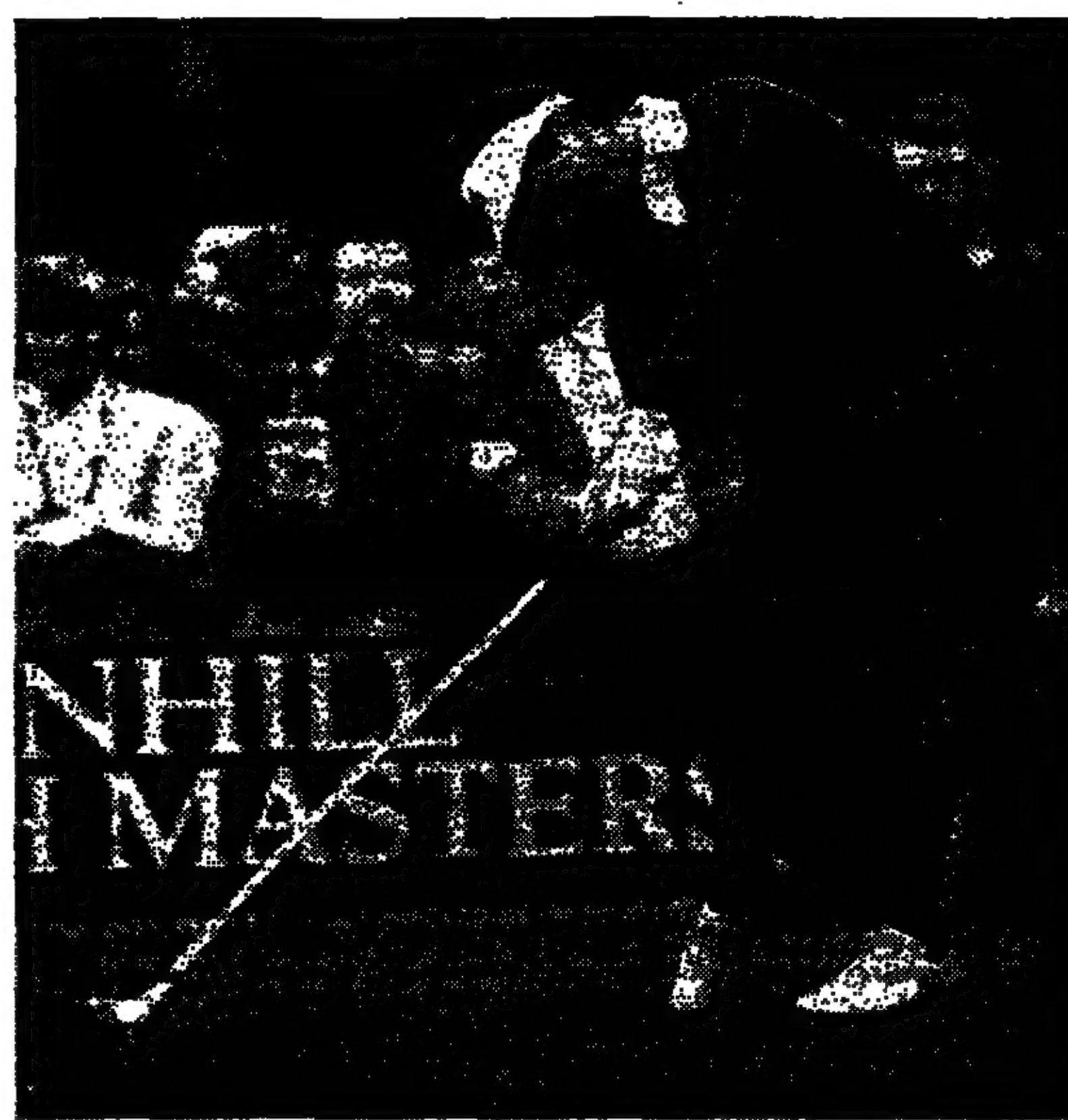
Blundell works principally on concentration techniques and routines, to which Davis attaches great importance. "A lot of people have talked about muscle memory; well, it's also mind memory. For instance, if your body is used to hitting a ball when you walk up to it in, say, seven or eight seconds, try and keep that routine for every shot, rather than hitting one in three seconds and the next one in 15 seconds."

Blundell found that under pressure Davis took approximately seven seconds to hit a shot, whereas in the first round of a tournament he would take anywhere between five and 13 seconds. Subsequently, Davis has put in a lot of work in every department of his game. He studies videos of himself playing well and rehearses those exact routines on the practice ground.

Video also enables Davis to keep a check on his swing, since he has not been to a coach in 10 years. He has one major fault, a lateral weight shift where his right knee straightens out as he comes back when he begins to get a certain shape of shot.

"I think every player has one major fault, and it is always creeping back at some stage. It doesn't matter what swing changes you make, that fault will be natural for you. It gets to the stage where it's a question of whether or not you know what yours is. And if you do, well, you can get out of it quickly; if you don't you might be stuck in the doldrums trying to figure out what it is."

"The worst part is that normally it's not that your swing is changing that much, but all of a sudden you



Rodger Davis, who will be playing in the British Open next weekend

start thinking it is. So you start looking for things, and then we're back to the mental side again. You've got to be mentally tough."

Davis's own strength of mind is his greatest asset. The difference between the top player and the player who is merely competent is that the top player always looks forward, while the lesser player is hindered by his tendency to look backwards. The latter is inclined to worry about losing the tournament rather than trying to win it.

This is exemplified by Davis's performance over the last four holes at the Wang Four Stars, which he won earlier this year. After the 18th hole he made a bogey which left him with

little chance of catching the leaders. But Davis pulled himself together. He stood up on the 18th tee, pictured the shot he had to play and hit it. He birdied that hole and the next. On the 18th he hit an eight-iron to 10 ft and made the putt to get into the play-off.

Working with Noel has helped quite a lot in this respect," says the Australian. "If you look back to the late 70s, early 80s, if I had taken bogey at 15 I probably would have finished par, bogey, par. I'd have thought I had no chance of winning, because that's the way your mind gives you an excuse. But there are no excuses, you know. You've just got to play the next shot."

And achieve the next goal.

Cricket/Teresa McLean Intellectuals on the run

The Intellectuals were playing on a different ground this year, against different opponents with the unlikely name of PPC's XI, so it seemed only reasonable when we found ourselves up against problems of baroque improbability.

Arriving at the ground a couple of hours before the game, we realised we had no kit. The groundman sprang to our aid, scrambling together odds and ends left round the changing rooms over the years. One of the two bats had neither grip nor springs; the pads were monuments of a bygone age; the only wicket-keeping glove was an antique.

Our team looked as unprepared as our kit. There was Diana, a medieval historian who opened the bowling for East Anglian Ladies 30 years ago and was now going to open the bowling for us; Godfrey, an expert on rare books and manuscripts, an off-beat law fellow.

Our psychological weapon was a Bajan lawyer called David and his son, Noah, who was in his early teens and got us off to a flying start. In pain from a bad cold, Noah took a couple of hours before the game, we realised we had no kit. The groundman sprang to our aid, scrambling together odds and ends left round the changing rooms over the years. One of the two bats had neither grip nor springs; the pads were monuments of a bygone age; the only wicket-keeping glove was an antique.

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Pros who write thank-you notes

There is an undeniable whiff of exoticism about women's professional golf, writes Keith Wheatley. Possibly Jordan Baker, the louché beauty with a white dress and a grooved swing in *The Great Gatsby*, set the tone. Ten years ago the new-born European women's tour was a freak. Now it is a thriving child on the verge of adolescence.

Twenty players made up the 1979 roll call. This year there are 300. The biggest change is the money," commented Dale Reid, one of the few founder members still on the tour. "I collected £250 for winning my first tournament, in 1980."

At the Laing Ladies Classic, where we were talking, the total prize fund was \$55,000. According to Reid, 31, who began playing golf in Scotland aged four, a middle-of-the-road woman player can now win \$25,000 a year on the tour. Endorsements and sponsorship deals can double that.

For a glamour-puss like a 21-year-old who is already a star in her native Belgium, such sums are trifles. Descampe

made a superb charge through the field at the Laing to go six-under par while dressed like an angel in shell-pink trousers, toning matelot top and an orange hair ribbon.

At the Belgian Women's Open there is a huge tented village and major sponsorship from *haute couture* fashion houses and perfume manufacturers. At Stoke Poges, home of the Laing, there is free parking and a clutch of concrete executives glad to be free of the desk for the day.

"In Britain male golfers' perception of women isn't as good as it is on the continent," agreed tour director Joe Flanagan. "Golf is a new game in mainland Europe and hasn't got this heritage of separate bars, ladies' day and all that folderol. We get more media coverage in Europe and we're also getting more girls from those countries wanting to come on the tour. I'm sure that Britain is an area that needs concentrating on before

we fall behind the continent." Anyone who has played golf recently at any club in France, Spain or Germany will have observed at least as many women on the course as men, mostly young and far from the tweedy stereotypes beloved of Punch cartoons.

Recent press stories about the women's professional tour have been far from tweedy. The Hennessy Cup in Paris made headlines in May when the tournament director admitted that he had invited two ladies from the US tour, Fiamme Green and Debbie McElfatie, largely on grounds of beauty and sex appeal. The French papers had a field day, and could not understand why anyone should be indignant at such a rational approach.

Almost at the same time the gloriously named Muffin Spencer-Devin was shown the door at the Woburn Classic after turning up several hours late and severely "tired" at the tournament dinner. Roaring at

the top table that she was "a frigging American" and wouldn't be treated thus, Spencer-Devin made a reluctant exit.

It was the culmination of a string of oddities and eccentricities that made Muffin a tour legend. Subsequently she

'Florence Descampe, a Vogue cover with a five-iron'

sought medical treatment and ended up back for the British Open. "I was sorry for the girl but the publicity was a gift from the gods," admitted Flanagan candidly.

What most of the girls want, above all else, is to be respected as golfers. Their standard of play demands it. "Club players could learn a lot from our game," asserted Alison Nicholas, at 21 Britain's

top player and second biggest tour money-winner in 1989.

"An ordinary high-handicap club player can't relate to the male professionals because they hit the ball so far and so fast. They would learn more from watching us," she said.

Miss Nicholas gave her thoughts with a banana in one hand and a mobile phone in the other, trying simultaneously to fix accommodation for the coming tournament and eat lunch. Despite having IMG as an agent, she is still nowhere near the world of Faido or Ballesteros, where such logistical problems are unthinkingly "handled".

Alison Shapcott is one of the newest players on the tour. At 22 she has just finished a five-year golf scholarship at a San Diego university. The Laing Classic was her second tournament. "It's much more competitive than I expected but the girls are more friendly than they would be in the States. I'm just aiming to cover my

costs, taking it week by week. If I'm not making money I'm not going to Switzerland or anywhere expensive like that," she added. Back in Bristol, mum and dad can always be relied upon for a meal and a bed.

Mr and Mrs Shapcott can certainly be sure that Alison is being guided in a manner worthy of Miss Jean Brodie. "We have strict dress codes, and many of the parties and receptions are mandatory for the players. We don't allow denim," Joe Flanagan explained, like the Edinburgh schoolmistress he certainly never was. "After a tournament we insist they write individual thank-you letters to the sponsors. Once the stars believe they're bigger than the game you're going to have problems."

I left the Laing Classic full of admiration for the women, for their decency compared with most professional sportsmen, and for their playing standards. What I couldn't get out of my head was the notion of Sore Ballesteros being ordered to write a thank-you letter to the sponsor.

TELEVISION & RADIO

SATURDAY

Television programmes in black and white

BBC1

7.20 am Playdays, 7.30 Muppet Babies, 8.15 The 5.15 from Manchester, 9.15 "Lassie's Great Adventure", 10.27 pm Doctor Who, 10.55 Granada's *Footballers' Wives* (the first of the BBC's Scottish output), 11.00 pm *Footballers' Wives*, 11.15 pm *Footballers' Wives*, 11.30 pm *Footballers' Wives*, 11.45 pm *Footballers' Wives*, 11.55 pm *Footballers' Wives*, 12.05 pm *Footballers' Wives*, 12.15 pm *Footballers' Wives*, 12.25 pm *Footballers' Wives*, 12.35 pm *Footballers' Wives*, 12.45 pm *Footballers' Wives*, 12.55 pm *Footballers' Wives*, 1.05 pm *Footballers' Wives*, 1.15 pm *Footballers' Wives*, 1.25 pm *Footballers' Wives*, 1.35 pm *Footballers' Wives*, 1.45 pm *Footballers' Wives*, 1.55 pm *Footballers' Wives*, 2.05 pm *Footballers' Wives*, 2.15 pm *Footballers' Wives*, 2.25 pm *Footballers' Wives*, 2.35 pm *Footballers' Wives*, 2.45 pm *Footballers' Wives*, 2.55 pm *Footballers' Wives*, 3.05 pm *Footballers' Wives*, 3.15 pm *Footballers' Wives*, 3.25 pm *Footballers' Wives*, 3.35 pm 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